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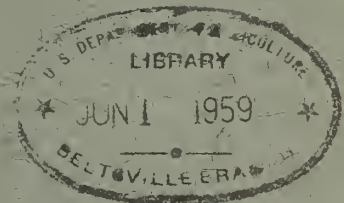
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GOVERNMENTAL COST IN AGRICULTURE

The Concept and its Measurement



Agricultural Research Service

U.S. DEPARTMENT OF AGRICULTURE

Washington, D.C.

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PREFACE

This report is an outgrowth of work begun in the Department of Agriculture more than 10 years ago. As early as 1946, in a preliminary study undertaken by the former Bureau of Agricultural Economics, E. Fenton Shepard and Donald C. Horton, both now with the Bureau of the Budget, worked out the general approach to measurement of governmental costs and devised many of the techniques used herein. This ground-breaking effort, which was made available for use within the Department, established the conceptual foundation for most of the subsequent work of the Department on measuring costs of agricultural programs.

No further work was done on this project until 1952, when the earlier study was reworked and brought to date, and the tentative results were circulated within the Department. An article covering one aspect of this work was published in the November 1953 Agricultural Finance Review under the title "Costs of Federal Activities to Stabilize Farm Prices and Incomes." In late 1953 and early 1954, through the joint efforts of the former Bureau of Agricultural Economics and the Department Office of Budget and Finance, the report on costs of agricultural programs was put into final form and made public. This summary, which has since been revised and brought to date through the fiscal year 1955, provides the basis for the following discussion.

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INTRODUCTION

In January 1954, the United States Department of Agriculture made public a tabular summary of realized costs of Federal farm programs from 1932 through the fiscal year 1953 (Appendix, table 2).^{2/} These costs were detailed year by year for each major category of Federal activities related to agriculture, as well as for many specific programs in each category. Since it first appeared, this summary has been revised several times. It has now been brought to date through the fiscal year 1955. The revised form of this summary, which provides the basis for the discussion that follows, appears in the appendix of this report.

In preparing the Department of Agriculture statement of realized costs, it was necessary, first, to formulate in specific terms the concept of governmental cost, and second, to devise methods of adapting Federal financial data to the measurement of cost. It is the purpose of the study reported here to examine this concept and to explain the sources and the nature of the data used to give it statistical meaning.

The discussion that follows is organized into two main parts. The first is concerned with defining the major categories of activities and determining the class into which each program most appropriately may be placed. This problem of classification is well illustrated by the framework constructed for studying the farm programs of the Federal Government. For this reason, frequent reference is made in this first section to the Department of Agriculture study of the costs of its agricultural programs. Essentially the same problems are involved, however, in classifying costs of other types of activities, whether they are carried on by the Federal Government, or by a State or local government.

^{1/} The author acknowledges the contribution of Emmett B. Collins, Chief of the Division of Budgetary and Financial Reports, Office of Budget and Finance, under whose direction the statistics in the appendix were prepared, and who also offered valuable advice on many aspects of this report. This assistance, however, in no way implicates him with the analysis presented herein, responsibility for which rests entirely with the author.

^{2/} See U. S. Congress, Senate, Committee on Agriculture and Forestry, General Farm Program, Hearings, 83d Cong., 2d Sess. on S. 3052, pt. 1, p. 74-89, 1954.

The second part of this report deals in broad terms with the meaning of the concept "cost of governmental activities." It calls attention to certain of the larger problems that are involved in preparing estimates from available statistical data. For illustrative purposes, reference is made to specific problems of estimating costs of Federal activities related to agriculture, but the intent is to frame this part of the study in terms that have general application.

The approach taken to the problem of estimating governmental costs and the nature of the statistical concepts used are best understood in light of the purposes for which such a concept may be useful. One thought is that the development of year-by-year estimates of the costs of various governmental activities may give new insight into the changes that are taking place in the activities of particular governmental units. For example, the increased Government holdings of price-support commodities in 1954 and 1955 and the attendant emphasis on surplus disposal programs are reflected in the emergence of two new activities: Donation of commodities to other nations, the purpose of which was to meet famine and other emergencies, and, starting in 1955, the sale of commodities for foreign currencies under Title I of Public Law 480. These activities involved costs of \$74.4 million in 1954 and \$220.9 million in 1955. (See appendix, table 2.)

Information of this kind also reveals total costs of specific governmental activities, as well as those of all programs in a particular functional group or carried on by a particular unit of government. Perhaps even more important, comparisons can be made of the costs associated with various functions.^{3/} When used in this way, data on governmental costs should offer some guidance on decisions concerning the emphasis to be given to different lines of government activity.

Particular care must be taken, however, in attaching significance to the total cost of any activity viewed in isolation. Data on costs illuminate only the negative side of government activity. The positive side, that is, the benefit derived by the public from government, is not shown. A true evaluation of any particular activity involves balancing costs against benefits. Although the first of these magnitudes can be estimated with some precision, the measurement of public benefits, which are largely matters of subjective appraisal, is more difficult. As a result, except when comparisons of alternative programs are involved, data on costs provide only a part of the information required for objective policy decisions. Concerning the other part, the measurement of benefits produced by government activity, the study reported here offers no suggestions.

^{3/} Comparative evaluations of this kind are facilitated to the extent that certain costs are common to both alternatives and hence can be disregarded.

CLASSIFICATION PROBLEMS

Agricultural and Nonagricultural Activities

Central to any organized study of the cost of government is some basis of classification. In a study such as this, which is designed to include only a part of the activities carried on by a particular unit of government, some criterion must be developed for placing activities within or outside the scope of investigation. Thus, the summary of costs prepared by the Department of Agriculture requires a distinction between those Federal activities that are agricultural and those that are nonagricultural. Similar criteria must be applied to the classification of functions within the broad category of agricultural activities.

Several principles of classification are available. The actual choice depends mainly on the purpose for which estimates of cost are to be used. For most purposes, a functional grouping of activities appears to be appropriate. It has the advantage of drawing together all programs that relate to a given field of activity. Further, such a classification is convenient in view of the functional organization of the administrative branches of most governmental units, for example, the Federal Government. Thus, a readymade grouping is available for distinguishing those programs that relate primarily to agriculture, and those that relate to national defense, foreign aid, or other major areas of Federal activity.

The study of costs of agricultural programs is designed to show the cost to the Federal Government of those programs that are related directly and specifically to domestic agriculture. Thus it covers most of the functions carried on under the administrative supervision of the Department. From time to time, however, the Department has been charged with administrative responsibility for activities that are only indirectly related to agriculture. Examples are the purchase of commodities for Lend-Lease, Mutual Security, or foreign aid. In addition, there are the costs of foreign-aid procurement of products of American agriculture by agencies other than the Department of Agriculture. In the Department's cost statement, these programs are not included among its agricultural programs. They are listed separately as memorandum items. On the other hand, costs of activities carried on by the Department in the 1930's under Emergency Relief appropriations or allotments are excluded from the summary.

A similar problem of classification arises in connection with the Department's purchases of commodities for other agencies under the War-time Consumer Subsidy Program.^{4/} These subsidies were paid during World War II to producers, processors, and handlers of farm products to prevent undesirable increases in the prices charged consumers. This

^{4/} Almost half the total cost of the Wartime Consumer Subsidy Program was borne by the Commodity Credit Corporation. The rest was paid by the Reconstruction Finance Corporation.

activity, therefore, is properly regarded as primarily an adjunct of wartime price controls rather than as a farm program. In the Department of Agriculture statement, the costs associated with this activity are shown as a separate memorandum rather than in the body of the statement.

Certain other agricultural activities of the Federal Government have occasionally been established outside the Department of Agriculture. Several examples may be found among the programs that originated in the 1930's. The Rural Electrification Administration, the Resettlement Administration, and the Federal Farm Board, though they were all later incorporated into the Department, were at one time independent agencies. In general, activities of this kind are included among the programs of the Department. A special case, however, is that of the farm credit system. After several years of independent existence, the Farm Credit Administration became part of the Department of Agriculture in the fiscal year 1940. In fiscal 1953, however, it was again separated from the Department and is now an independent agency. The original (1953) summary of costs of agricultural programs grouped the Farm Credit Administration with the programs carried on within the Department. More recently, it has been thought preferable to recognize the independent status of the farm credit system by listing separately the costs associated with these activities.

All the functions just mentioned bear a fairly obvious relationship to the agricultural economy. They are clearly proper components of a grouping of Federal farm programs. Others, however, are less clearly and less directly related to agriculture, or they relate to agriculture only as an incident to some other function. Examples are the Veterans Administration's program of on-farm training, and costs to the Treasury Department of paying checks on farm programs.

Several comments are relevant to the question of admitting such peripheral activities. One is that the value of a classification depends on its close relation to common usage and convention. So far as possible, the grouping should be made to include only those activities that the informed laymen would expect it to include. To include activities that bear only a secondary relation to agriculture impairs the significance of the classification.

It is possible also that in selecting from the entire field of governmental activities those that relate to a specific central theme, some activities may be included that would also fall within the scope of parallel studies having different central themes. Thus, to include among the agricultural programs of the Federal Government the Treasury Department activities concerned with the payment of checks on farm programs would involve overlapping in the event a similar study were undertaken, for example, of the costs of administering government finances. Indeed it is difficult to imagine an activity that cannot be regarded from more than one viewpoint and, therefore, placed in more than one category. For present purposes, however, the category of activities termed "agricultural" is confined to those in which the agricultural connection is primary.

Categories of Agricultural Programs

Similar problems arise in grouping activities within the broad category of agricultural programs. As there are many possible bases of classification, the task is to select one that appears to be most useful, reasonable, and easily understood. A classification based on the purpose programs are designed to serve is used in the Department of Agriculture study, and seems acceptable for most purposes. Costs of many agricultural activities, however, may be classified also by commodity, and the value of such a breakdown is substantial. For this reason, the functional grouping in the cost statement is supplemented by a commodity breakdown of the costs of those activities for which such an analysis is feasible. (See appendix, tables 3 and 4.)

The functional classification in the Department of Agriculture cost statement employs a sixfold breakdown for the activities that may be regarded as part of the agricultural program of the Federal Government. These are: (1) Programs primarily for the stabilization of farm prices and incomes; (2) programs primarily for the conservation of resources; (3) credit and related programs for electrification and telephone facilities; and farm purchase, maintenance, operation, and housing; (4) research and education; (5) other, chiefly school lunch, marketing services, regulatory, crop and animal disease and pest control activities; and (6) programs primarily for wartime, defense, and other special needs.

In addition, there are listed separately several agencies or activities that for some reason occupy a peculiar position in relation to the other agricultural activities of the Federal Government. These include: (1) Farm Credit Administration; (2) wartime consumer subsidies on agricultural commodities; and (3) other special activities not a part of the agricultural programs of the Department. The explanatory comments following table 2 in the appendix show in detail the activities included under each heading.

This classification illustrates a variety of problems. First, there are questions of classifying activities that have more than one purpose. Problems of this kind can be minimized by defining the groups carefully and keeping their number small. But the necessity of distinguishing primary from secondary aims, and ignoring the latter in determining the proper classification of particular activities cannot be avoided.

Thus, in the cost statement of the Department, the category "programs primarily for the stabilization of farm prices and incomes" is designed to include all programs that have this primary purpose, regardless of secondary aims. Costs of the International Wheat Agreement are included, despite its close connection with the foreign policy of the Federal Government. Again, the cost of commodities donated to the School Lunch program under section 32 of the Act of August 24, 1935, is included, though the program has important welfare aspects. But cash

payments made in connection with the school-lunch program are excluded, on the ground that the welfare objectives are primary, and the stabilization of prices and incomes secondary.^{5/}

A second problem arises when an activity, originally designed for one purpose, is modified by changing circumstances and changing needs so that a different objective takes the central position. An example is the Agricultural Conservation Program, which was initiated in fiscal year 1936. Its original primary purpose was to provide payments to supplement the incomes of farmers who cooperated in the acreage-reduction program. As the problem of surplus production receded with the outbreak of World War II, emphasis was shifted to the conservation aspect, under which payments were made to farmers who followed certain approved practices to conserve soil and water. No acreage allotment payments were made after fiscal year 1944 (except for \$22.5 million in production payments on flax made under a special appropriation in fiscal 1946). The program now has as its central objective the promotion of conservation practices rather than the control of production.

The classification problem resulting from this change in the central emphasis of the Agricultural Conservation Program is met in the study of costs of agricultural programs by separating the conservation-type payments from acreage-allotment payments. The former are classified as costs of a program primarily for the conservation of resources, the latter as costs of a program primarily for the stabilization of farm prices and income.^{6/} No attempt is made to segregate the flax payments made in fiscal 1946 from the other acreage allotment payments. This decision is based on the ground that these payments, though not directed toward reduction of acreage in soil-depleting crops, nevertheless had as their central objective the encouragement of expanded production of flaxseed and the stabilization of its price.

A third problem of classification is that posed by governmental reorganizations. In a process that is almost continuous, the activities of government are split apart and recombined, or removed from one administrative jurisdiction and placed under another. The Federal Government in particular is constantly reshuffling programs and functions. As a result, the amount shown in the Federal Budget under a given appropriation in one year cannot always be compared with the same item in other years because of changes in the activities carried on thereunder. Some adjustment is required if comparability is to be achieved.

^{5/} These costs are included under the heading "Other, Chiefly School Lunch, Marketing Services, Regulatory, Crop and Animal Disease and Pest Control Activities."

^{6/} Administrative expenses associated with the two activities cannot be separated. They are therefore included entirely with conservation payments. As a result, the costs of this activity are slightly overstated and the costs of acreage allotments are understated.

In the Department of Agriculture cost study, the problem is met by adjusting data for earlier years to conform with the current administrative structure. Let us assume that an activity formerly carried on under agency A is transferred to agency B. In the interest of obtaining year-to-year comparability, the share of the cost incurred by A that may be attributed to the transferred activity must be determined and then deducted from the cost associated with A for each year before the transfer. At the same time, these amounts must be added to the costs identified for these years with B.

"Comparative transfers" of this kind are shown in the Budget document wherever a transfer of a particular activity occurs. The data shown in the Budget itself, however, cover only 3 years - the forthcoming, the current, and the preceding fiscal years. Often it is desired to obtain comparable data for a period of more than 3 successive fiscal years. Whenever an activity of long standing is transferred from one agency to another, it is necessary to go back into agency accounts and other relevant records and try to estimate the costs associated with the transferred functions. In the statement of realized costs of Federal activities related to agriculture, there are many instances in which it was necessary to determine the amounts of these comparative transfers. By so doing, the estimates presented in that statement for any one year are made comparable with those for all other years, in the sense that the cost of each activity is included under the same heading for each year.

MEASUREMENT OF GOVERNMENTAL COST

As economists and accountants well recognize, the concept of cost is elusive. Its meaning is not constant, but varies with the specific purpose of the measurement. Cost of government in particular raises questions that go beyond purely economic considerations and border on the philosophical. For example, one might regard government primarily as a sector of the economy that uses resources and creates a portion of the Gross National Product. Consistent with this view, governmental cost might be defined as the decrease in product of the private sectors of the economy that results from transferring economic resources from them to public use. Costs then would be measured by the value of private goods forgone. It follows, too, that resources that would otherwise be idle could be employed by government at no cost.

Another possibility is to view government as a form of cooperative enterprise analogous to the business firm, operating in behalf of the general public and incurring certain costs when doing so. In this more conventional perspective, costs of government resemble business costs. Any public use of resources would thus occasion a charge against the government irrespective of the presence or absence of alternate uses.

The latter viewpoint provides the basis for the concept of cost used here - that of realized cost to the Federal Government. Costs are conceived as having their origin in the payment of funds by the

Government to some external unit, whether it be the public at large or some other unit of government. The point in time at which costs are recorded is fixed by the timing of the payment. Likewise the amount of cost associated with a government activity is independent of the method by which government revenues are raised and the timing of their receipt.

It should be noted that governmental cost, as the term is used here, is restricted to those costs that are realized. Thus, certain financial charges such as amounts reserved for anticipated losses, adjustments to valuation reserves, and accrued expenses are excluded.^{7/} With one important exception, the concept of realized cost applies to expenditures as they are recorded in the Federal budget (that is, on the basis of checks issued) plus losses realized from Government lending activities or from sales of assets. The exception is found in the treatment of interest on government capital contributed to quasi-business activities (that is, corporations, revolving funds, or noncorporate lending activities). For activities that make interest-free use of Government capital, there is imputed an interest charge determined by the amount of such capital involved and the average rate of interest payable on Federal securities.^{8/}

The meaning of the governmental cost concept may be clarified by a listing of the various items that are included and those that are excluded.

The following are included:

- (1) Expenditures for salaries and expenses.
- (2) Direct payments to the public, including State and local governments. In addition to cash payments, certain noncash payments are taken into account as, for example, distribution of commodities under the School Lunch program, and distribution of conservation materials under the Agricultural Conservation Program.
- (3) Losses on government lending operations. In effect, a capital account is set up for this purpose, though conventional budget reports usually have only a current account.
- (4) Purchases of capital equipment. Strictly speaking, these outlays should preferably be capitalized and

^{7/} Some charges of this kind may be included in the costs of government corporations or noncorporate lending activities that follow accrual accounting.

^{8/} Some agencies pay interest to the Treasury on their invested capital. These payments are offset against the amount imputed in determining the cost associated with the activity.

subjected to amortization, but for convenience they are charged off to current expense. The distortion involved from year to year is probably not great.

- (5) Imputed interest on government capital funds invested in certain activities, mainly lending programs. A modified procedure must be used in handling this item when actual interest payments are made to the Treasury.
- (6) Negative items (reductions in cost) representing commercial revenues of the government. In the Department of Agriculture, examples are fees charged for meat and grain inspection, forest revenues, and penalties levied for violations of marketing quotas. Other reductions in cost include special taxes, such as those collected in connection with the Sugar Act program, and the franchise tax on the Federal Intermediate Credit Banks and the Banks for Cooperatives.^{9/}
- (7) Net realized gain or loss of government corporations other than those in which private ownership of capital now plays, or is expected to play, an important part.

Excluded items are:

- (1) Costs incurred subject to reimbursement from external sources, whether the reimbursement is from some other branch of government or from a nongovernmental source.
- (2) Expenditures made from trust funds. These funds are contributed from external sources. Thus they involve no accountable cost to the government.
- (3) Unexpended appropriations. These amounts are presumably either carried over to the succeeding fiscal year or revert to the Treasury. In either event, no cost is involved.

^{9/} Occasionally the costs of an activity are more than offset by commercial revenues or collections under special taxes, with the result that the net costs associated with the function are negative. Negative costs are identical to positive costs except in sign, and no special problems arise in handling them.

- (4) Expenditures from working funds, which are essentially payments made by one agency to another in advance of performance of a job. As the cost is presumably recorded at the time the working fund is set up, expenditures from the fund must be omitted if double counting is to be avoided.

To illustrate the concept of governmental cost by reference to available statistical data, it is convenient to divide the activities of government into two categories. The first of these may be described as direct-outlay activities, and the second as quasi-business activities. These groups are distinguished by the source of their financing. Direct-outlay activities are supported from direct appropriations or by transfers from other appropriation accounts. They produce no sizable income, and receipts that arise from them are usually covered into the Treasury rather than used to finance the program. Quasi-business activities, in contrast, operate on what is essentially a revolving fund principle. In addition to the functions carried on by government corporations, this category includes a variety of noncorporate income-earning activities. Examples from the Department of Agriculture include the Farmers Home Administration and the Rural Electrification Administration. Also included are revolving funds, such as the Agricultural Marketing Act Revolving Fund and the Disaster Loan Revolving Fund operated under the Farmers Home Administration. For most quasi-business enterprises, published financial statements supply the necessary data. For some, however, it is necessary to rely on unpublished accounts and records to determine the realized costs borne by the government in connection with these operations.

Direct-Outlay Activities

The cost of direct-outlay activities of government is approximated most closely from data on expenditures. Use of such data offers two important advantages over other possible approaches. The first one is that estimates based on expenditures can usually be reconciled with other government financial statements. This makes possible a check on the accuracy of many of the cost figures. At the same time, it facilitates understanding of the concept. This advantage applies particularly to Federal financial data, in which expenditures provide something of a common denominator for comparisons. The second advantage is that data on expenditures represent actual cash outlays. They are therefore peculiarly appropriate to the measurement of realized costs. As will become evident, other types of data from which costs may be estimated are weak in this respect.

Certain shortcomings are involved in the use of expenditures as the basis for cost estimates. There is the problem of timing. The cash expenditure may not take place until long after the financial obligation is incurred. When the activities of government are stepped up rapidly, as in wartime, or are subjected to sharp curtailment, there may be a considerable lag in the appearance of these changes in data on

expenditures. As a result, if costs are thought of as incurred simultaneously with the ordering of goods, the signing of a contract, or the decision to undertake a grant or subsidy, estimates of realized cost based on expenditure data must be regarded as an imperfect measure. Over a period of time, however, the effect of these lags tends to be minimized, and cumulative totals that cover a number of years are affected very little.

In determining costs of Federal activities, a further problem concerns the amount of detail that is available. In Federal financial reports, expenditures are ordinarily shown only by major appropriation category or by subappropriation. Thus the use of data on expenditures limits the extent to which costs can be broken down by activities.

The principal alternative to using data on expenditures for measuring costs is to use data on obligations incurred. This avoids some of the problems that are involved in the expenditures approach. For example, obligations often are listed in the Federal Budget in greater detail than are data on expenditures. For this reason, they are particularly useful for detailed analysis of a specific activity. Moreover, the timing of obligations is more nearly coincident with the incurring of financial liability. The obligation is incurred at the time the order is placed or the commitment made. The expenditure, in contrast, follows the rendering of the bill. In extreme instances, it may lag as much as several years behind the incurring of the obligation. It should not be thought, however, that obligations have always been recorded simultaneously with the incurring of financial liability. In times past, obligations occasionally have been recorded when activities were planned, so that funds would be available to cover any costs that might arise.^{10/} When this has happened, the cost has actually been incurred in a subsequent period. Moreover, the amount obligated may exceed the actual cost. Even in the ordinary course of buying materials and supplies, the sum obligated may exceed the amount of the bill rendered. In reality, an obligation of funds is an advance estimate of cost. The dictates of Federal accounting procedures encourage the obligation, on the basis of the best available documentary evidence, of an amount sufficient to cover the maximum cost that may result from the projected purchase or activity.

In summary, published data on expenditures are clearly the best single measure of governmental costs, at least in the Federal sphere. Data on obligations, to be sure, permit certain insights that perhaps cannot be obtained from other indicators and that may, therefore, be appropriate for detailed analysis of particular activities. But for a comprehensive summary of governmental costs, such as that covering agricultural activities, the advantage of being able to reconcile estimates of cost with other financial data argues for resort to

^{10/} In 1954, Congress specified more restrictively the circumstances in which obligations might be recorded. (Public Law 663, approved Aug. 26, 1954.)

expenditures. Largely for this reason, and because of the ready availability of data on expenditures and their reliability, they are used in the Department of Agriculture cost statement as the most feasible measure of governmental costs of direct-outlay activities.

Quasi-Business Activities

The second category consists of the activities of corporations and those noncorporate enterprises that operate on the revolving fund principle. The original capitalization of programs of this kind is usually provided by direct appropriation. From that time on, the activity operates on an income-earning basis, much like a private business, and revenues are applied against current outlays. As a rule, further appropriations are made only in the event that revenues produced by the program fall short of supporting the level of activity that is thought desirable as a matter of public policy.

In some respects, it is simpler to determine the costs associated with a government enterprise than it is those of functions supported by direct annual appropriations. Generally, the enterprise publishes accounts of some kind, from which the net financial results of the program can be determined for each year. It is only necessary to select from the reports those items that, in the particular activity, most clearly portray the realized cost to the Federal Government.^{11/}

To the extent that reliance is placed on the financial reports of a governmental enterprise, one is forced to accept the many accounting decisions that underlie the published statements, even though the precise concept of realized cost to the Federal Government may not be served by the accountant's way of handling particular items. The purpose of agency accounts is to present a picture of the financial operations within a framework set up by law and accounting conventions and without any necessary regard to functional interrelationships with other agencies. But neither statutory requirements nor accounting principles are necessarily binding in estimating costs of the government. In certain instances, therefore, a more accurate measure of costs may be obtained by analyzing agency accounts and treating certain items in ways that differ from those used by the accountant.

Valid though this point is, stronger arguments favor a general policy of accepting these reports as they stand. In the first place, the task of reworking them is usually a formidable one in view of the slight refinement that is likely to result. Moreover, the burden of proof rests with any departure from published records in justifying reconstructed estimates in relation to the official data. This is to say nothing of the confusion risked by producing two separate figures, that represent concepts that differ in minor and subtle respects only,

^{11/} Later sections discuss, for the different types of quasi-business activities, the items in the financial reports that are relevant to the determination of governmental cost.

or of the unavoidable implication that the published reports are inaccurate or misleading. For these and perhaps other reasons, it is preferable ordinarily to accept the official statements rather than to attempt to recast them in the hope of achieving some sharper refinement of the data for purposes of estimating costs.^{12/}

Costs associated with quasi-business activities are of two kinds, corresponding respectively to the charges that result from current operations and those associated with the capital investment.^{13/} To a large extent, the method of determining either of these depends on the method applied to the other.

Current costs are represented by the annual net profit or loss in the case of a corporation, or by losses written off during the year in the case of a noncorporate lending activity or a revolving fund. Such items as valuation reserves and payments of interest to the Federal Government, however, are handled differently. The same is true of realized losses on certain lending activities. These are discussed later. For the present, it is sufficient to regard loss write-offs and current profit or loss as the net cost (negative or positive) incurred on current account.

The second form of cost, which represents interest charges on capital contributed by the Federal Government, requires lengthier discussion. It may be well, first, to point out the necessity for including such a charge, as to do so is to depart from the published reports and accounts of the activities involved. Interest on government capital is a unique component of government cost in that it is an imputed charge. Interest charges are included because, from an economic viewpoint, a cost is involved when assets are tied up in a particular activity, regardless of the presence or absence of a legal requirement concerning payment of interest to the Treasury. A true picture of

^{12/} Note may be made of an example in the Department of Agriculture cost statement in which reconstruction of the accounts is thought desirable. In fiscal years 1930 through 1933, the Agricultural Marketing Act Revolving Fund was actively engaged in lending operations, on which slightly more than \$300,000,000 was lost, including almost \$200,000,000 on loans canceled in connection with donations of wheat and cotton to the American Red Cross. Reports of the fund, however, did not recognize these losses until after operations had ceased. It is thought desirable that these costs be reflected in the summary, despite the fact that the activities that gave rise to them took place in part prior to fiscal 1932. Accordingly, the losses are reallocated to fiscal years 1930 through 1933 in proportion to the advances for stabilization purposes in each of these years, and the losses thus allocated to the years 1930 through 1932 are included in total in the figure for fiscal year 1932.

^{13/} As noted below, no costs or cost-offsets to the Federal Government are recognized as resulting from current operations of the Farm Credit institutions, because of their special position with respect to the Federal Government.

costs, therefore, necessitates a departure from published accounts to allow imputation of an interest charge. To calculate the interest cost on government capital, a determination must be made of the amount of capital on which interest may properly be imputed, and the applicable interest rate must be selected.

Interest Rate

Selection of an appropriate rate of interest is comparatively simple. In the Department of Agriculture cost statement, the rate used is the average payable on public debt securities outstanding at the close of the fiscal year. This figure is calculated and published each year by the Treasury Department. In principal, a more appropriate rate would be the average payable during the fiscal year. This interest rate, however, is not readily available. Moreover, the change in rates in any 12-month period is usually so small that any distortion caused by using the end-of-year rate is negligible.

Invested Capital

In explaining the determination of the amount of invested capital on which interest may appropriately be imputed, it is convenient to discuss noncorporate lending activities separately from those of government corporations. Although the same basic principle applies to the two types of activity, the details of its application are different.

Among noncorporate lending activities, the invested capital of the government is taken simply as the average net amount of loans outstanding during the year, that is, the simple average of the amounts at the beginning and at the end of the fiscal year. In some respects, this results in an oversimplification. Certain lending activities show a pronounced seasonal fluctuation, so that a simple average of amounts at the beginning and end of year may not give a true picture of the yearly average. Also, some programs give rise to government ownership of assets other than loans, as, for instance, real estate acquired in the foreclosure of a mortgage. In the Department of Agriculture cost statement, however, these minor distortions are disregarded.

The capital invested in a government corporation may be divided into as many as three components: (1) Paid-in capital, (2) paid-in surplus, and (3) earned surplus. The first presents no particular problem. If invested funds are to be made the subject of an interest charge, paid-in capital is unquestionably a part of the base on which interest is imputed. Only slightly less obvious is the case for including paid-in surplus, as there is no real economic distinction between paid-in capital and paid-in surplus.

Earned surplus, however, presents a problem. This part of the capitalization may be viewed in several ways and different conclusions may be drawn as to the propriety of including this item in the imputation of interest.

For example, one may regard earned surplus as the share of the earnings that the corporate owners choose to "plow back" into the corporate operations. In this view all earnings are available for distribution, and any that are reinvested take on the character of newly invested funds. For a wholly owned government corporation, any increase in net worth (that is, in the proprietary interest of the government) represents an additional commitment of funds by the government to the activity. The increase in net worth, therefore, is indistinguishable on economic grounds from paid-in capital. For mixed ownership corporations, the corollary of this viewpoint would be to impute ownership of the earned surplus to the two classes of owners, public and private, in proportion to their respective shares in the paid-in capital and surplus.

A different view is one in which the financial interest of the government is thought of as more nearly that of a lender than an owner. This viewpoint is particularly appropriate in determining the government investment in mixed ownership corporations. Here the nature of the contractual arrangement often is such that the participation of the government is that of a creditor. A clue to the appropriate handling of the earned surplus of mixed-ownership corporations is found in the experience of the Federal land banks. After a period of years during which the banks were capitalized jointly with Federal and private capital, in fiscal year 1947 the last of the Federal capital was replaced with private funds. The Federal Government recovered the amount of the paid-in capital and surplus but no share of the accumulated earnings. The fact that the Federal Government received no share of the earned surplus built up during the years of joint ownership indicates that the position of the Government in the ownership of the land banks more nearly resembles that of a bondholder than a stockholder, even though the securities owned by the Government were referred to as stock shares.

The apparent intent of the Congress is also an important consideration in determining the method of handling the earned surplus of Government corporations. This is particularly true with reference to the Farm Credit institutions. Both the Congress and the Administration have indicated their intention to replace the Federal capital in these institutions with private capital.^{14/} This plan evidently applies to those corporations that are now wholly owned by the Federal Government as well as to the mixed-ownership institutions. The history of the repayment of Federal capital in the land banks also suggests that the accumulated earnings will revert to private ownership as private capital stock replaces that of the Government. The Department of Agriculture cost statement, in which this viewpoint was adopted, does not impute Federal ownership to any part of the earned surplus of any FCA corporation, and it excludes this item from the base of the interest calculation.

^{14/} See, for example, U. S. Congress, Senate, Committee on Agriculture and Forestry, Farm Credit Act of 1953, Hearings, 83d Cong., 2d Sess. on S. 1505, 1953, especially the testimony of the Hon. True D. Morse, Under Secretary of Agriculture, pp. 9-13.

Considerations that govern the method of handling earned surplus also determine the treatment of current loss write-offs or earnings, for the two must be handled consistently. If earned surplus is to be excluded from the computation of government-owned capital on the ground that it will come under private ownership, current earnings cannot be regarded as net income (that is, a reduction in cost) to the Federal Government. The net results of current operations must be ignored under this assumption. If, however, earned surplus is reckoned as part of the invested capital of the Government, the current loss or profit must be taken into account as a cost or reduction in cost.

For illustrative purposes, table 1 shows the computation of realized cost for three Farm Credit Administration institutions, as well as for one revolving fund and two Department of Agriculture non-corporate lending activities. As indicated, total realized cost for the corporate Farm Credit Administration activities is simply the interest imputed on the paid-in capital of the Federal Government at the close of the fiscal year. For the Federal intermediate Credit Banks and the Banks for Cooperatives, the franchise tax paid the Treasury is offset against the imputed interest cost. For the three noncorporate programs, the realized cost is the sum of the excess of imputed interest on loans outstanding over the interest actually paid to the Treasury, and the losses written off during the year.

Bound up with the question of handling interest on invested capital, earned surplus, and current earnings is the problem of how to treat dividends paid to the Federal Treasury by Government corporations. The treatment of dividends follows partly from that of current earnings. If net earnings are regarded as offsets to costs (that is, negative costs), dividends paid must be disregarded except as changes in invested capital. But if current earnings are ignored, as for example, when they are presumed to accrue to the benefit of private interests, dividends paid to the Government by such a corporation may properly be included as offsets to costs at the time they are paid. An example is found in the dividends paid to the Federal Government in fiscal years 1949 through 1955 by the Federal Farm Mortgage Corporation, a wholly-owned government lending institution.

In some circumstances, the payment of dividends also influences the cost picture through the capital account. If earned surplus, from which the dividend is presumably paid, is assumed to be part of the invested capital of the Government, it follows that the dividend must be regarded as a return of capital to the Government the effect of which is to reduce the interest charged against the activity. If the earned surplus is not considered Government capital, the payment of a dividend to the Government, although reckoned as a negative cost on current account, has no effect on costs through the capital account.

Quasi-business activities of the Federal Government occasionally are operated at a loss, with the result that they suffer an impairment of capital. In the past, these money-losing activities usually have

Table 1.- Costs of selected corporate and noncorporate lending activities of the Federal Government,
fiscal year 1955

	Federal intermediate credit banks	Production credit corporations	Banks for cooperatives	Farmers Home Administra- tion	Disaster loan revolving fund (FHA)	Rural Electrification Administration
	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.	Mil. dol.
1. Paid-in government capital at close of fiscal year 1/-----	62.4	31.9	150.0	2/	2/	2/
2. Loans outstanding (average during year)-----	3/	3/	3/	648.5	113.2	2,224.8
3. Imputed interest (0.02351 x line 1 or 2)-----	1.5	.7	3.5	15.2	2.7	52.3
4. Interest collected---	3/	3/	3/	23.5	2.7	32.5
5. Net imputed interest (line 3 minus line 4)-----	1.5	.7	3.5	4/ 8.3	-	19.8
6. Franchise tax-----	.2	-	1.2	-	-	-
7. Losses written off---	3/	3/	3/	-	.1	-
8. Net realized cost (lines 5 and 7 minus line 6)-----	1.3	.7	2.3	4/ 8.3	.1	19.8

1/ Includes also paid-in surplus. 2/ Does not enter into calculation of cost of noncorporate lending activities. 3/ Does not enter into calculation of cost of corporate lending activities. 4/ Excess of credits: deduct.

been wholly Government owned, although theoretically there is no reason why joint ownership is not possible. The same principles that apply to the profit-making enterprises apply also to estimating costs of quasi-business activities that have impaired capital. Net losses are regarded as current costs charged against the activity in question, and the increment in capital impairment (negative earned surplus, as it were) as a reduction in Federal capital. As such, it operates to reduce interest charges.

The Commodity Credit Corporation presents a special case. At the close of each fiscal year, the Corporation, which is capitalized with \$100,000,000 of Federal funds, is subjected to an appraisal of its finances by the Treasury for the purpose of determining the net gain or loss from the year's operations. Any gains are paid into the Treasury as a dividend. In loss years, Congress has always restored the capital of the Corporation either through direct appropriation or by cancellation of notes due the Treasury. As the restoration of capital or payment of a dividend does not necessarily coincide with the close of the fiscal year, the actual capitalization of the Corporation on June 30 may exceed or fall short of \$100,000,000. It may be argued that this discrepancy should be taken into account in measuring the interest cost that is chargeable against the activity. Because this is a temporary situation, however, it is more appropriate to impute interest charges to the Corporation as though it were always in possession of its full capitalization.^{15/}

Valuation Reserves

Many Government quasi-businesses hold assets that are subject to fluctuations in value. An outstanding example in the Federal Government is the Commodity Credit Corporation. The volume of farm commodities owned outright or held by CCC as security for loans is so large that variations in the price at which these inventories are carried on the books often far overbalance the gain or loss realized from operations. Thus, in fiscal 1953, costs^{16/} realized by the Corporation on all activities (except the Wartime Consumer Subsidy Program) amounted to \$67.5 million, while reserves of \$512 million were set up for anticipated losses. In fiscal 1955, realized losses were \$849 million, and unrealized losses on the decrease in value of inventories and receivables amounted to an additional \$1,385 million. Obviously, it makes a good

^{15/} Up until 1954, the appraisal of the Corporation's finances by the Treasury presented a possible alternative measure of the current costs of the activity. For the Department of Agriculture cost statement, however, this alternative is not feasible, as the gain or loss on which the appraisal was based included, in addition to realized costs, anticipated gains or losses on inventories. The Act of March 20, 1954, specified that henceforth the Treasury appraisal should reflect only the gains or losses realized by the Corporation. Starting with 1955, therefore, the realized costs, as shown on the books of the Corporation, are identical with the Treasury appraisal.

^{16/} Exclusive of administrative expenses.

deal of difference whether or not adjustments of this kind are recognized as costs.

A valuation reserve is an accounting device whereby a corporation can adjust the value of an asset to bring it more closely in line with current market conditions. Conservative accounting practice requires that in times of declining prices, inventories should be reduced in value so that they are carried at values no greater than their cost or market price, whichever is less. Conversely, rising prices make possible reductions in reserves for anticipated losses on inventories. By adjusting its valuation reserves, therefore, a corporation can create a profit or loss that exists only on paper.

In some respects, inventory valuation adjustments are properly included as elements of the cost of government. Recognition of valuation reserves is particularly important in the timing of costs. If, for example, the market price of a commodity, of which CCC has large holdings, should drop in a particular year, it would seem appropriate to regard the anticipated losses as a cost chargeable to that year. This is important if gains and losses on commodity transactions are to reflect developments in the marketplace. To recognize inventory gains and losses only when they are realized is to diffuse these costs over the entire period in which the inventory is liquidated, thus making it impossible to relate costs to current market phenomena.

But the advantages of recognizing inventory valuation adjustments must not be overemphasized. Adjustments of this kind are only advance estimates of losses likely to be incurred, and they may depart widely from actuality. There is also a certain advantage in confining the data on which cost estimates are based to objective accounting concepts, thereby minimizing the element of personal judgment.

Further, the practice with regard to inventory valuation adjustments is not uniform, either among the corporate enterprises in the Department of Agriculture or even at different times within the same agency. The Commodity Credit Corporation, for example, did not use valuation adjustments until 1945, and examination of adjustments since that date indicates that these are only approximations. In the interest of consistency, therefore, as well as of simplicity and objectivity, the advantage lies in recognizing as costs only those losses that are actually realized, and ignoring anticipated losses as they are reflected in adjustments to valuation reserves.

Capital and Current Accounts

The procedure outlined above for estimating governmental costs of quasi-business activities has two parts: (1) Measurement of the results of current operations; and (2) measurement of interest charges on invested capital. The latter necessitates the use of the capital account for these enterprises. Purchases of commodities or receivables by quasi-business enterprises are not regarded as current costs. They are charged

to capital account and they give rise to capital costs through interest imputation. Costs are recognized on current account only to the extent that losses are realized on the sale or disposition of these assets.

In dealing with direct-outlay activities, however, there is no counterpart to this capital account. The absence of such an account does not mean that capital assets are not purchased in the course of program activities. It means simply that government statistics (those of the Federal Government provide a good example) offer only a limited basis for distinguishing purchases of capital assets from current expenses. A special analysis table in the Federal Budget shows a breakdown of expenditures that add to Federal assets, but for present purposes it is deficient both in the amount of detail shown and in historical continuity. In addition, the so-called "object" breakdown of obligations in the Federal budget permits identification of certain outlays that clearly are not of a capital nature, such as personal services, travel, and printing. The budget also identifies purchases of certain kinds of assets that may be regarded, with varying degrees of certainty, as capital. These include expenditures for equipment, land, and structures. But the split is far from definitive and it falls short of permitting a separate listing of capital outlays.^{17/}

Even more fundamental in ruling out the use of a capital account for noncorporate activities of Government is the lack of adequate records that show the inventory of existing capital assets.^{18/} Nor is there any generally accepted schedule of depreciation rates applicable to Federal assets of a capital nature.

The lack of a capital account for these activities, however, is not a fatal defect in estimating the cost of government. In an organization as large as the Federal Government, owning as it does billions of dollars worth of depreciable assets and buying more each year, it is perhaps admissible to assume that current purchases of capital assets approximately balance the cost that would result from a comprehensive and detailed accounting of depreciation of the total stock of such assets.

^{17/} In July 1954, the Congress authorized the Federal Government to enter into lease-purchase contracts covering construction of new Federal buildings and post offices. Instead of a lump-sum purchase price, the Federal Government makes annual payments similar to rent over a period of 10 to 25 years, after which it will own the building. Thus, to some extent, the costs are spread over the useful life of the facility, much as they would be if the original cost were capitalized and subjected to amortization charges.

^{18/} Recently, efforts have been made to establish an inventory of capital assets owned by the various agencies, but the results of these efforts are not yet generally available.

The total cost picture, in other words, will probably not be distorted greatly by charging outlays for capital equipment to current expense.^{19/}

In one category of capital assets, however, a special problem arises. The assumption spelled out above may be reasonable when applied to depreciable assets. But it is less acceptable when applied to nondepreciable assets, such as land. Much of the land owned by the Federal Government is controlled by the Bureau of Land Management in the Department of the Interior. Much is also in the form of national forests, under the management of the Forest Service in the Department of Agriculture. In the past, the budget of the latter department has usually included money for the purchase of new lands for national forests.

Moreover, millions of dollars were spent in the 1930's for land and structures in connection with the resettlement program. The Federal Government has since sold much of this property at a profit, and much of that still held has appreciated in value since its purchase. It hardly seems desirable to regard as costs the outlays for salable assets that now have a value in excess of original cost. Whether, as a practical matter, purchases of land and structures can be identified separately is an important consideration. It may be possible to identify such purchases made by the Department of Agriculture, and perhaps also those made by other Federal agencies. But State financial reports - and those of local governments in particular - seldom permit such a separation.

Creation of a capital account against which purchases of land and perhaps other capital assets could be charged would introduce a corollary problem. If outlays for depreciable assets were charged to capital account, the assets would become subject to annual depreciation charges. Moreover, a cost would have to be reckoned for the Government capital invested in these assets, whether depreciable or not. One measure of the value of a capital asset is its resale value.^{20/} If it is resold, the proceeds can be invested in such a way as to yield a return. Therefore, the interest on a sum of money equal to the resale value may be thought of as a cost associated with ownership of the salable assets. This interest cost, of course, may or may not be offset by program revenues.

^{19/} The distortion is likely to be more serious in the cost of selected smaller scale activities. If, for example, one were to single out for separate scrutiny the costs associated with the Office of the Administrator of the Agricultural Research Service, a great bulge would be found in the costs incurred in the fiscal years 1939 and 1940. Unless one realizes that the bulk of these costs are associated with construction of the Agricultural Research Center at Beltsville, Md., the data are likely to suggest some unusual and costly expansion of activities in the Office of the Administrator, when in fact this was not the case.

^{20/} If an asset has no resale value, the proper way to handle the outlay seemingly would be to regard it as a current cost, despite the possibility that the flow of services or benefits from the asset may extend well into the future.

In principle, the argument for recognizing costs of this sort is clear. But as a practical matter it is difficult, with available data to estimate the value of capital equipment bought each year by the Government. It is even more difficult to determine the total owned at any particular time and the use to which it is devoted. Because of such problems, the only workable approach is probably that used in the cost statement of the Department of Agriculture, in which all purchases of capital assets connected with direct-outlay activities are treated as current costs.

Commercial Revenues and Special Taxes

Occasionally the Congress, in enacting a program, provides a special source of funds from which all or part of the expenses are to be met. The source of funds may take the form of a special tax, commercial revenues, or miscellaneous receipts. Some of these revenues may be applied directly against the cost of the activity, thus placing the program at least partly on a self-financing basis. Others are covered directly into the Treasury, from which they may subsequently be appropriated for the specified purpose or perhaps be made available for general purposes.

When a government program gives rise directly to income of this kind, it is appropriate that the revenue should be offset against program expenses in determining the net cost of the activity. This is most readily apparent in connection with revenues that are clearly commercial. Many government functions, apart from corporations or revolving funds, are purposely designed to be at least partly self-financing. The national forests are an example. A true picture of the costs of national forests requires that receipts from the forests be taken into account as offsets to costs.

Perhaps less clear is the argument for crediting revenues from special taxes against the costs of the programs with which they are associated. The problem here is to distinguish between those taxes that are "special" and those that are not. Certain taxes are clearly imposed as an integral part of a substantive program. These include, for example, the processing taxes collected under the Agricultural Adjustment Act of 1933, or the sugar taxes and import duties collected in connection with the sugar program. At the other extreme are programs that clearly are identified with no specific revenue measure. Along the borderline between the two categories, however, lie many ambiguous situations. For example, customs duties are commonly levied with the thought of protecting domestic industry. It might be possible to regard the tariff as an offset to governmental costs incurred in connection with the industry - a negative subsidy, as it were. Similarly, a case could be made for offsetting the excise tax collections on airline tickets against the airmail subsidy, to arrive at an estimated net cost to the Government. It is hard to lay down a strict rule for determining those taxes that are special, in the sense of representing offsets to program costs. A rule of reason, however, may be applied whereby only

those revenues that appear to be integral parts of the legislative program are recognized as cost offsets. In the study of the costs of Department programs, the processing taxes of the early thirties, the sugar taxes and import duties, and the franchise tax on Federal intermediate credit banks and the banks for cooperatives are regarded as reductions in costs associated with their respective programs.

SOURCES AND ADEQUACY OF DATA

Available statistical materials concerning Federal finances are generally sufficient to support analyses of the costs of government that are both comprehensive in their coverage and meaningful in their classification. The two sources, the Combined Statement of Receipts, Expenditures, and Balances and the Federal Budget are rich in pertinent statistical data. For corporate or quasi-business activities, detailed financial statements are published that supply the requisite information.^{21/}

The chief defect in Federal financial data is the difficulty, if not the impossibility, of identifying separately in statistical reports those outlays that are made for capital assets. It is desirable to have such outlays separated from current expenses, and to have them handled differently. In particular, purchases of land should be identified, as it is only by stretching the cost concept that such purchases can be regarded as current charges. If Federal financial statements were to supply such an identification, a desirable refinement in existing measures of governmental cost would become possible.

Financial statements of State and local governments are, with few exceptions, much less adequate as sources of data for measuring governmental costs. Local units in particular often publish little or no financial information. Even among the States, published data seldom conform to the raw material requirements for such measures. The information given on expenditures frequently is classified by object rather than by activity. For example, the amount spent for personal services, supplies, light, and heat can be ascertained. But, except for the broadest kind of functional classification, it is often impossible to learn from published reports on State finances the costs incurred on particular programs.

^{21/} In earlier years, this was not true of all quasi-business activities. It is difficult to assemble cost information pertaining to the early years of some agencies, particularly those that are now defunct. For many such activities, however, a convenient summary of financial data is found in Financial Statements of Certain Government Agencies, prepared by the Treasury Department for the 76th Congress, 3d Session, and issued as Senate Doc. 172, Parts I and II, illus., Washington, 1940.

The lack of adequate financial data for most States and local units creates difficulty in ascertaining the costs of government, but it does not make the job impossible. If one is content with very broad functional classifications, much can be done with data from the published reports of some units. If more detail is desired, it is often fruitful to delve into unpublished sources. In some instances, no usable data exist. But for many units of government, application of the same concepts and procedures that have been used in measuring the costs associated with Federal farm programs should be feasible.

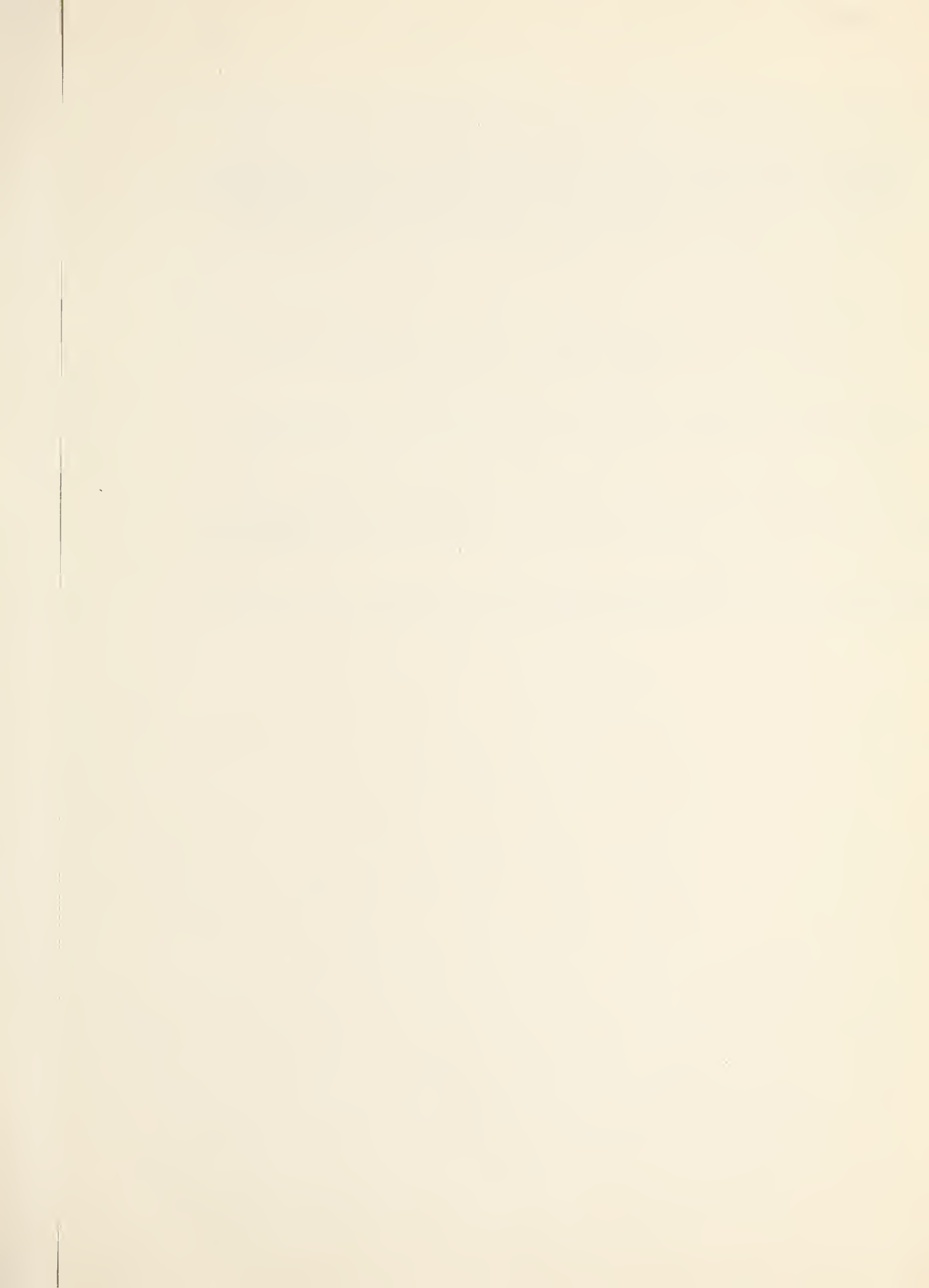
TABLE 2.- REALIZED COST OF AGRICULTURAL AND RELATED PROGRAMS, BY FUNCTION OR PURPOSE, FISCAL YEARS 1932 - 1955 a/

(Millions of dollars)

	Total	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955
Programs Primarily for Stabilization of Farm Prices and Income:																									
CCC nonrecourse loan, purchase, and payment programs	2,328.7	--	--	--	--	8.7	5.3	0.4	4.6	7.4	34.0	69.1*	49.9*	5.9*	29.4	30.1*	1.9	125.4	254.7	249.2	345.6	67.4	61.1	419.5	799.1
CCC supply, commodity export, and other activities	203.7*	--	--	--	--	--	--	--	--	--	--	0.1*	2.0	12.4*	5.8	35.9*	242.7*	38.4*	4.7*	2.7*	1.6	1.3	6.4	66.0	50.1
CCC administrative and other general costs	484.2	--	--	0.6*	0.9*	11.7	3.9	2.1	3.0*	8.7	2.2	9.6*	12.1	10.4	26.1	33.2	13.9	6.5*	15.9	48.1	42.0	34.6	55.3	102.7	81.9
National Wool Act Program	0.2	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	0.2
International Wheat Agreement b/ c/	716.8	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Donations of commodities to other nations b/	165.8	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	75.6	180.4	171.3	130.8	59.0	99.7
Commodities sold for foreign currencies under Title I, P.L. 480 b/ d/	129.5	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	129.5
Removal of surplus agricultural commodities e/	1,804.1	--	--	--	--	32.2	35.2	35.2	211.6	143.9	226.1	196.3	112.0	63.4	24.9	19.2	78.4	51.2	75.6	96.6	46.0	37.5	82.3	177.6	58.9
Sugar Act	323.6*	--	--	--	--	--	--	27.4*	6.5*	25.2*	30.0*	32.7*	0.6*	21.3*	32.9*	5.2*	7.4*	13.1*	23.3*	14.5*	14.8*	21.8*	20.4*	13.7*	12.8*
Federal crop insurance	178.9	--	--	--	--	--	--	4.4	7.7	7.7	9.8	14.8	14.6	18.1	2.9	21.5	36.9	1.8*	0.4*	9.6	4.6	8.7	6.4	9.9	11.2
Acreage allotment payments under the Agricultural Conservation Program	2,354.8	--	--	--	--	--	313.6	217.4	350.7	380.2	326.7	332.5	218.1	193.1	--	22.5	--	--	--	--	--	--	--	--	--
Other, including Agricultural Adjustment Act of 1933, parity payments, and other adjustment and surplus removal programs f/	2,183.6	298.2	75.5	47.8*	178.3	417.5	84.4	0.3	27.6	223.8	195.7	202.1	203.7	156.9	6.1*	1.5*	2.2*	--	10.8	24.9	18.8	7.1	7.6	67.1	40.9
Total	9,819.3	298.2	75.5	48.4*	177.4	470.1	442.4	228.0	589.4	746.5	764.5	634.2	512.0	402.3	50.1	23.7	51.2*	116.8	328.6	486.8	624.2	306.1	329.5	962.5	1,350.1
Programs Primarily for Conservation of Resources:																									
Agricultural Conservation Program (exclusive of acreage allotment payments)	3,894.5	--	--	--	--	0.5	55.1	88.8	119.8	202.0	132.7	136.6	212.0	226.6	278.9	275.3	329.2	230.6	167.6	237.2	275.5	262.0	270.3	163.1	230.7
Soil Conservation Service programs	711.7	0.3	0.4	0.3	0.3	3.3	20.4	23.1	21.6	21.8	18.1	20.7	21.4	23.7	27.2	33.4	42.9	41.2	47.9	53.5	53.4	57.0	61.0	58.4	60.4
Forest Service programs g/	552.2	20.3	12.6	7.2	8.2	9.9	14.8	19.1	25.7	33.8	24.1	20.9	21.6	21.2	24.1	31.8	42.2	43.5	39.2	39.3	17.1	13.8	12.4	34.8	14.6
Flood prevention and watershed protection ..	62.3	--	--	--	--	--	--	0.3	1.4	2.3	2.8	1.4	0.3	0.1	--	0.4	2.1	3.0	4.5	5.3	5.6	6.2	4.5	8.7	13.4
Total	5,220.7	20.6	13.0	7.5	8.5	13.7	90.3	131.3	168.5	259.9	177.7	179.6	255.3	271.6	330.2	340.9	416.4	318.3	259.2	335.3	351.6	339.0	348.2	265.0	319.1
Credit and Related Programs for Electrification and Telephone Facilities, and Farm Purchase, Maintenance, Operation, and Housing:																									
Lending programs:																									
Rural Electrification Administration h/ ..	142.0	--	--	--	--	--	0.2	0.7	1.3	--	2.5	1.0	1.9*	4.4*	1.9*	0.9*	2.5	6.5	9.7	14.4	20.2	23.2	26.7	22.4	19.8
Farmers Home Administration	88.2	14.7	14.1	14.5	15.4	10.7	16.1	13.3	19.3	12.8	10.8	8.8	0.9	8.9*	6.8*	1.5*	4.3*	4.4*	4.5*	2.8*	5.4*	5.2*	5.0*	6.2*	8.2*
Grants and other expenses, including salaries and expenses related to the above lending programs g/	1,114.1	2.9	5.3	6.9	10.9	74.5	155.2	107.9	69.8	70.4	67.5	64.5	49.4	39.8	36.0	36.8	41.8	26.1	29.3	34.4	36.2	38.3	38.4	35.8	36.0
Total	1,344.3	17.6	19.4	21.4	26.3	85.2	171.5	121.9	90.4	83.2	80.8	74.3	48.4	26.5	27.3	34.4	40.0	28.2	34.5	46.0	51.0	56.3	60.1	52.0	47.6
Research and Education:																									
Research	857.9	20.4	18.2	15.4	15.8	18.6	21.6	23.3	26.4	30.3	31.3	31.7	31.1	28.4	29.9	31.8	37.4	43.1	52.7	56.5	55.2	54.7	55.5	58.2	70.4
Extension Service, including payments to States	548.1	10.2	10.1	9.5	9.3	17.4	17.1	18.0	18.6	19.4	19.4	19.6	19.7	19.6	19.6	24.1	27.6	27.5	31.7	33.0	33.1	33.4	33.4	34.6	42.2
Total	1,406.0	30.6	28.3	24.9	25.1	36.0	38.7	41.3	45.0	49.7	50.7	51.3	50.8	48.0	49.5	55.9	65.0	70.6	84.4	89.5	88.3	88.1	88.9	92.8	112.6
Other, Chiefly School Lunch, Marketing Services, Regulatory, Crop and Animal Disease and Pest Control Activities:																									
School lunch program i/	856.6	--	--	--	--	--	--	--	--	--	--	--	1.0	33.7	45.4	56.6	77.5	68.4	75.0	83.2	82.8	83.6	82.8	83.5	83.1
Other	896.2	23.1	21.7	17.9	37.3	41.1	34.1	34.9	33.0	32.2	30.9	30.5	29.8	34.0	34.2	37.7	43.3	35.1	44.0	48.1	48.6	48.0	50.8	52.3	53.6
Total	1,752.8	23.1	21.7	17.9	37.3	41.1	34.1	34.9	33.0	32.2	30.9	30.5	30.8	67.7	79.6	94.3	120.8	103.5	119.0	131.3	131.4	131.6	133.6	135.8	136.7
Programs Primarily for Wartime, Defense, and Other Special Needs																									
.....	350.3	--	--	--	--	--	--	--	--	--	--	5.3	14.1	73.8	54.7	31.1	31.0	41.0	45.6	31.2	1.3	7.9	5.1	6.5	1.7
Total, above items	19,893.4	390.1	157.9	23.3	274.6	646.1	777.0	557.4	926.3	1,171.5	1,104.6	975.2	911.4	889.9	591.4	580.3	622.0	678.4	871.3	1,120.1	1,247.8	929.0	965.4	1,514.6	1,967.8
Farm Credit Administration (including the Farm Credit System and salaries and expenses of the Farm Credit Administration) j/:																									
.....	532.4	5.9	6.9	23.7	36.2	52.3	58.0	61.9	64.0	61.1	55.1	54.1	49.8	42.8	17.9	10.0	7.7	7.0	52.7*	11.5*	7.9*	7.7*	2.4*	0.9*	1.1
Wartime Consumer Subsidies on Agricultural Commodities:																									
Paid by Commodity Credit Corporation	2,102.3	--	--	--	--	--	--	--	--	--	--	8.3	145.5	390.1	741.7	845.1	22.4*	4.0*	2.2*	0.1	0.3	0.3*	0.1*	0.1	0.2
Paid by Reconstruction Finance Corporation ..	2,143.3	--	--	--	--	--	--	--	--	--	--	0.9	23.4	570.4	626.3	924.8	3.0*	0.5	--	--	--	--	--	--	--
Total	4,245.6	--	--	--	--	--	--	--	--	--	--	9.2	168.9	960.5	1,368.0	1,769.9	25.4*	3.5*	2.2*	0.1	0.3	0.3*	0.1*	0.1	0.2
Other Special Activities not a Part of the Agricultural Programs of the Department:																									
Special activities conducted by the Department under transferred funds as a service for other agencies (Chiefly for purchase of commodities for Lend-Lease, UNRRA, Mutual Security and other foreign aid programs) g/	12,329.4	2.1	3.1	32.1	161.8	72.3	64.0	26.1	30.0	20.6	20.9	698.4	2,031.2	2,139.9	1,382.1	1,610.8	579.1	744.6	1,018.4	611.4	447.6	331.8	111.6	115.4	74.1
Government procurement of agricultural commodities for foreign aid programs other than through the Department of Agriculture	4,721.2	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	1,373.7	1,236.3	744.6	328.1	357.2	199.0	482.3
Total	17,050.6	2.1	3.1	32.1	161.8	72.3	64.0	26.1	30.0	20.6	20.9	698.4	2,031.2	2,139.9	1,382.1	1,610.8	579.1	744.6	2,392.1	1,847.7	1,192.2	659.9	468.8	314.4	556.4

* Excess of credits -- deduct.

Prepared by Office of Budget and Finance, U. S. Department of Agriculture.



a/ This table on realized costs of agricultural and related programs reflects, essentially, the cost to the taxpayer, over a period of time, of all the programs of the Department of Agriculture. The present table is a revision which adds one more year to the similar table prepared last year. Figures for years prior to 1955 have been adjusted where necessary to put the data on a comparable basis.

"Realized cost" means the net cost actually incurred to date. It was adopted as the basis for the statement since (1) it is a realistic measure of the actual financial results of program operations within a specified time, and (2) it is a common denominator which can be applied to all programs regardless of how they are financed. For example, the advancing of a loan to a borrower under one of the Department's lending programs is not considered a cost. It is regarded as an investment which will be repaid. However, the interest paid by the Government on funds provided for lending purposes is considered a realized cost of the year in which it accrues. Similarly, interest collected from the borrower is included as income, or a reduction of cost. The principal amount of a loan becomes a cost only in the event the borrower defaults and the loan is written off by the Department. This example is illustrative of how the realized cost approach comprises elements of cost as distinguished from cash outlays, and how it also takes into account income and program credits. The realized cost basis can be applied to all programs since, regardless of how funds are made available for carrying out a program, there is in each instance a measurable net cost of operation to date. Many of the Department's programs are financed directly from appropriations, some activities are carried out by corporations using their corporate funds, and others are operated from revolving funds. Funds available, therefore, is not a practicable common denominator for all programs; it likewise does not take into account income or offsetting receipts arising from operations. Realized cost does not include any element of anticipated gains or losses and, accordingly, is not synonymous with "accrued cost" or "accrued income and expense." (See footnote h/, below.)

The statement is designed to present, in an objective and factual way, the realized costs of agricultural programs for the information of those interested in agriculture or in governmental operations generally. It was prepared by the Department to meet the need for a single table which would cover in a consistent fashion all of the agricultural programs.

b/ These programs are essentially international in nature, and are included in this classification with the kinds of items to which they most nearly relate.

c/ The expenditures under this program are for payment of the difference between the price specified in the International Wheat Agreement and the domestic price of wheat.

d/ In consequence of commodities shipped to foreign countries under this program, foreign currencies having a U. S. dollar equivalent of \$57,321,312.54 had been collected and deposited to the credit of the United States as of June 30, 1955. The U. S. dollar equivalent is based on the rates of exchange set forth in the agreements negotiated with the respective countries. These foreign currencies may be used, upon approval of the Bureau of the Budget, only for the purposes authorized in Section 104 of the Agricultural Trade Development and Assistance Act (P.L. 480, 83rd Congress, as amended).

e/ Includes the cost of commodities purchased and distributed to the school lunch program but excludes cash payments to schools for part of their school lunch program expenditures during fiscal years 1943 to 1949, inclusive.

f/ Includes (1) Agricultural adjustment programs (principally acreage allotments and marketing quotas); (2) Parity payments; (3) Agricultural Adjustment Act of 1933 and related Acts; (4) Agricultural Marketing Act Revolving Fund, and payments to stabilization corporations for losses incurred; and (5) Miscellaneous, including five miscellaneous programs as follows: (a) Distribution costs on CCC stocks and hay for emergency feed program; (b) net operating results of the Federal Surplus Commodities Corporation which operated from 1935 to 1942 for the purpose of purchasing, processing, storing, handling, transporting, and disposing of surplus agricultural commodities and products for relief; (c) retirement of cotton pool participation trust certificates; (d) removal of surplus cattle and dairy products; and (e) transfer of hay and pasture seeds to Federal land administering agencies.

g/ The amounts shown include the purchase of about 24 million acres of land principally in the period from 1935 to 1940 at a total cost of approximately \$128 million, distributed as follows: Forest Service programs, \$36 million; Farmers Home Administration through its predecessor agencies, \$46 million; and through funds transferred to the Department by emergency relief agencies, \$46 million.

h/ The realized cost of the non-corporate lending programs of the Rural Electrification Administration and the Farmers Home Administration reported in this statement should not be confused with figures reported for these programs on the accrued income and expense basis. The latter basis differs from realized cost principally because it includes (1) income earned but not yet collected, (2) interest costs charged to the agency rather than interest costs to the Treasury on borrowed funds, and (3) an estimated allowance for possible losses on loans. Since realized cost is a common denominator applicable to all programs regardless of how they are financed, it has been used as the reporting basis throughout this statement. Accrued income and expense is another well-established reporting basis for these lending programs and is used appropriately in other reports which are prepared from time to time. On the accrued income and expense basis the lending operations of REA reflect a net income of \$49.0 million for the period covered by this statement.

i/ Includes costs under the National School Lunch Act in addition to Section 32 funds used from fiscal year 1943 to 1949, inclusive, for cash payments for school lunch programs.

j/ The Farm Credit Administration, which supervises the institutions comprising the Farm Credit System, was transferred from the Department of Agriculture and established as an independent agency of the Government on December 4, 1953. Since the Farm Credit Administration was a part of the Department during most of the period covered by this statement and since its programs are agricultural in nature, the realized cost of FCA activities has been retained as a part of the statement.

k/ Includes \$9.3 million representing the cumulative net loss of capital subscribed to the Regional Agricultural Credit Corporations which were liquidated in 1949.

Explanatory Comments on Table 2, Realized Cost of
Agricultural and Related Programs, by Function or Purpose,
Fiscal Years 1932-1955

Table 2 is designed to show, on a factual and objective basis, the realized costs of the programs of the Department of Agriculture. These programs have been classified into six groups, each of which represents a distinct functional area of activity. The functional classifications are as follows:

1. Programs primarily for stabilization of farm prices and income.
2. Programs primarily for conservation of resources.
3. Credit and related programs for electrification and telephone facilities, and farm purchase, maintenance, operation, and housing.
4. Research and education.
5. Other, chiefly school lunch, marketing services, regulatory, crop and animal disease and pest control activities.
6. Programs primarily for wartime, defense, and other special needs.

Each function brings together programs which are related to a broad purpose, regardless of the organizational status of the program within the Department. The administrative procedures and operating mechanics of the program may vary, but the classification test is whether the programs contribute to a common purpose in the field of agriculture.

The overall realized cost of all of the Department's activities, in all functional areas for the 24-year period, has been \$19,893.4 million.

Programs Primarily for Stabilization of
Farm Prices and Income

In this category there has been included those programs which, by various means, have operated to strengthen and protect the price of farm commodities and the income of farmers. Such programs have been operated in accordance with, and in the manner prescribed by, authorizing legislation. The terminology used to designate these programs is governed by legislative and expenditure authorizations. The amounts are consistent with the accounting records of this Department and of the U. S. Treasury.

Over the span of 24 years, from 1932 to 1955, inclusive, the character of the programs authorized for this common purpose of stabilizing farm prices and income has varied. Some have been operated for a short period and terminated and others have been initiated only recently. The statement shows each of the programs and the realized cost for each year of its operation, as well as the cumulative total cost for all of the years of operation within the 24-year period.

The aggregate realized cost of all of the programs and activities included in the functional category, "Programs primarily for stabilization of farm prices and income," for the period from 1932 to 1955 was \$9,819.3 million, with actual annual realized cost ranging from a net gain of \$51.2 million in 1947 to a \$1,350.1 million loss in the fiscal year ending June 30, 1955.

The relationship of the cumulative realized costs of these programs, \$9,819.3 million, to commodities is demonstrated by the following tabulation:

	<u>Millions</u>
Basic commodities	\$5,632.7
Designated nonbasic commodities	1,733.3
Other nonbasic commodities	<u>2,011.5</u>
	9,377.3 <u>a/</u>
Realized costs not allocable by specific commodities	<u>442.0</u>
	\$9,819.3

a/ Detail does not add to total shown due to rounding.

For the basic commodities, the realized costs were as follows:

	<u>Millions</u>
Corn	\$1,319.3
Cotton	1,602.9
Peanuts	166.5
Rice	29.3
Tobacco	101.8
Wheat	<u>2,412.9</u>
	\$5,632.7

These realized costs for basic commodities are attributable to the following programs:

	<u>Millions</u>
CCC nonrecourse loans, purchase, and payment programs	\$392.7
CCC supply, commodity export, and other activities	109.9
International Wheat Agreement	700.9
Donations of commodities to other nations	145.5
Commodities sold for foreign currencies under Title I, P.L. 480	99.9
Removal of surplus agricultural commodities	556.3
Federal crop insurance	75.5
Acreage allotment payments under the Agricultural Conservation program	1,666.3
Agricultural Adjustment programs (principally acreage allotments and marketing quotas)	111.7
Parity payments	967.1
Agricultural Adjustment Act of 1933 and related Acts	505.6
Agricultural Marketing Act Revolving Fund, and payments to stabilization corporations for losses incurred	286.4
Distribution costs on CCC stocks for emergency feed program	13.6
Retirement of cotton pool participation trust certificates	<u>1.3</u>
	\$5,632.7

The programs shown first in this functional category are those now administered by the Commodity Credit Corporation. The Corporation is authorized to engage in buying, selling, lending, and other activities with respect to agricultural commodities to stabilize, support, and protect farm prices, to assist in the maintenance of adequate supplies and to facilitate their distribution.

Under the CCC nonrecourse loan, purchase and payment programs, price minimums or "floors" are established for a number of commodities. Support may be achieved through loans, purchases, agreements to purchase, or payments.

Loans are made to producers of commodities at specified support levels, determined either by law or by action of the Secretary in accordance with law. The producers are required to pledge their commodities as collateral for such loans. If, for any reason, the producer elects not to repay his loan, the pledged commodity is acquired by the Corporation and placed in its inventory. The corporation may, in lieu of a loan program, support the price of a commodity either by direct purchase during the regular marketing season or by agreements with producers to purchase at a stated price any quantity of the commodity within a specified maximum that he may elect to deliver.

The cumulative realized cost of disposing of commodity inventories acquired under this system of loans and purchases now administered by CCC amounted to \$2,328.7 million at June 30, 1955. This figure, however, does not reflect administrative expenses and net interest costs of the Commodity Credit Corporation. Moreover, it does not represent the full cost of government activities for stabilization of farm prices and income. Therefore, included in this same functional category are the following programs, all of which contribute importantly to that objective.

The costs shown for "CCC supply, commodity export and other activities" represent the results of commodity procurement operations undertaken as a means of supplying the requirements of Government agencies, foreign governments, and relief and rehabilitation agencies, and to meet domestic requirements. The cumulative net result of those operations to June 30, 1955, has been a gain of \$203.7 million. This gain can be attributed in large part to a general commodities purchase program operated during World War II for the supplying of commodities and products thereof to meet the requirements of the U. S. Armed Services, Lend-Lease participants, foreign governments, relief agencies, etc. Sales prices on the commodities were established at levels which would prevent losses to the Corporation.

The "CCC administrative and other general costs" amounting to a total of \$484.2 million at June 30, 1955, represent, in principal part, the net interest cost on money borrowed by the Commodity Credit Corporation. They include also the administrative or overhead expenses not allocable by programs.

"National Wool Act program," is authorized by the National Wool Act of 1954. The law provides for the support of prices of wool and mohair through incentive payments made to producers by the Commodity Credit Corporation. Only administrative costs incident to the initiation of the program occurred in fiscal year 1955, and amounted to \$0.2 million.

The next three activities shown on the statement are the "International Wheat Agreement," "Donations of commodities to other nations," and "Commodities sold for foreign currencies under Title I, P.L. 480." While these programs are international in nature and serve more than one purpose, they are included because they do provide an outlet for surplus wheat and other commodities, and thereby contribute substantially to the maintenance of stable prices and income.

The "International Wheat Agreement" operates to provide to export countries an assured market for wheat, and to assure supplies of wheat to importing countries at stable and equitable prices. The capital funds of the Commodity Credit Corporation are applied (a) to pay exporters the difference between the price specified in the agreement and the price paid by them to purchase and move wheat from the domestic market, and (b) to meet administrative and interest costs incurred by the Corporation. The realized costs of this program, which are reimbursed by appropriation to the Commodity Credit Corporation, have aggregated \$716.8 million through June 30, 1955.

Under the program "Donations of commodities to other nations" stocks of the Commodity Credit Corporation are made available for emergency assistance to friendly peoples in meeting famine and other urgent relief requirements. The program is currently administered in accordance with Title II, P.L. 480. Previously this type of assistance had been carried out under P.L. 77, 83d Congress, relating to wheat for Pakistan and under P.L. 216, 83d Congress, with respect to other nations. As shown by the statement, the cumulative realized cost for fiscal years 1954 and 1955, the two years of operations, amounts to \$165.8 million.

"Commodities sold for foreign currencies under Title I, P.L. 480." The realized cost of this program as shown by the statement, \$129.5 million, represents the costs incurred by the Commodity Credit Corporation in the fiscal year 1955 as a result of the sale and shipment of surplus agricultural commodities under the provisions of Title I, P.L. 480. Payment received for such sales is in the form of foreign currencies. At June 30, 1955 the U. S. dollar equivalent of the foreign currencies collected and deposited to the credit of the United States amounted to \$57.3 million. (This dollar equivalent is based on the rates of exchange set forth in the agreements negotiated with the individual countries receiving the commodities.) These foreign currencies may be used, upon approval of the Bureau of the Budget, only for the purposes authorized in Section 104, of Title I, P.L. 480. At the close of the fiscal year 1955 none of these foreign currencies had been used or allocated for any of the authorized purposes.

The program, "Removal of surplus agricultural commodities," is aimed at expanding market outlets for farm commodities. This is accomplished mainly through (a) purchases and distribution to school lunch programs and to welfare agencies and institutions, and (b) encouraging exports by payments which enable the sale of surplus commodities in foreign markets. There are also other activities in this program such as

diversion of commodities to byproducts and new uses and the administration of marketing agreements and orders. The program tends, both directly and indirectly, to maintain prices received by farmers principally for perishable agricultural commodities. The cumulative realized cost of the program to June 30, 1955 of \$1,804.1 million, as shown by the statement, does not include cash payments to schools under the school lunch program in the period from 1943 to 1949. The school lunch program is treated in a different functional category.

Next in this first functional category is the "Sugar Act" program. The principal objectives of the sugar program are to protect the welfare of domestic producers, to provide consumers with adequate supplies of sugar at reasonable prices, and to promote our general export trade. The statement shows the cumulative result of the sugar program to June 30, 1955. This comprises gross expenditures of \$975.3 million for payments to domestic producers and administrative expenses, offset by sugar taxes of \$1,298.9 million collected from processors and importers, with a resulting net gain of \$323.6 million. The sugar taxes consist of an excise levy on domestic processors and an import tax on sugar brought in for direct consumption. The Sugar Act imposed these taxes through an amendment to the Internal Revenue Code. The payments to domestic producers were also provided for by the Sugar Act and are conditioned on compliance with production quotas and other requirements.

A "Federal crop insurance" program has as its purpose the economic stability of agriculture by providing protection against loss from unavoidable causes for the farmer's investment in producing crops. The realized costs of this program, shown by the statement to aggregate \$178.9 million at June 30, 1955, represent principally the excess of indemnities over premiums, administrative expenses, and interest costs on government-subscribed capital.

"Acreage allotment payments under the Agricultural Conservation Program." These so-called "Class I" or acreage allotment payments, under Section 8(b) of the Act of February 29, 1936, the Soil Conservation and Domestic Allotment Act, as amended, were aimed at maintaining farm production in balance with demand. This was carried out by the establishment of individual farm acreage allotments of soil-depleting crops representing proportionate shares of national production goals. The acreage allotment payments compensated farmers, in part, for making their proportionate acreage adjustments. This item excludes the so-called "Class II" payments for conservation practices which are shown on the statement under the function headed "Programs Primarily for Conservation of Resources." The cost of these acreage allotment payments, which were made in the period 1937 through 1944, amounted to \$2,354.8 million.

The last item in the first functional category is designated as "Other, including Agricultural Adjustment Act of 1933, parity payments, and other adjustment and surplus removal programs." Over the period from 1932 through 1955, the cumulative total of realized costs for these programs has amounted to \$2,183.6 million. There are a number of programs covered by this item, as follows:

1. The "Agricultural adjustment programs (principally acreage allotments and marketing quotas)." These programs carry out the acreage-allotment and marketing-quota provisions of Title III of the Agricultural Adjustment Act of 1938, as amended. They are designed to assist in minimizing fluctuations in the supply, marketing, and price of specified basic agricultural commodities--corn, cotton, wheat, peanuts, rice, and tobacco. Prior to 1947 these programs were operated as a part of the Agricultural Conservation Program. The realized cost of operation for the period 1947-1955 totals \$118.7 million.
2. The program, "Parity payments." The Agricultural Adjustment Act of 1938 authorized payments of Federal funds directly to producers of corn, wheat, cotton, rice, or tobacco for the purpose of re-establishing farm income and purchasing power somewhat nearer the prewar level (World War I). Such payments were authorized to be made to producers on the normal production of the listed commodities, and were to be allocated among commodities on the basis of the amount by which the farm prices of the commodities were below parity. The realized cost of this program, representing expenditures in the years 1940-1944, amounts to \$1,016.6 million.
3. The programs under the "Agricultural Adjustment Act of 1933 and related Acts." The objective of the Agricultural Adjustment Act of 1933 and subsequent related Acts, was to bring about an increase in farm buying power. To accomplish this the Secretary of Agriculture was authorized to make benefit payments to producers who reduced their acreage or production for market of basic commodities. Financing of the AAA and related Acts was accomplished through both appropriated funds and an excise tax levied on the processing of any basic commodity on which benefit payments were made. The tax funds could be used for the expansion of markets and the removal of surplus agricultural products, as well as for benefit payments and administrative expenses. The gross expenditures for the programs, which ran from 1934 through 1937, amounted to \$1,482.6 million; the processing taxes collected together with a small amount of miscellaneous receipts totaled \$911.5 million. The net realized cost of the program was \$571.1 million.
4. The programs "Agricultural Marketing Act Revolving Fund, and payments to stabilization corporations for losses incurred." The cost of \$378.6 million for these programs includes principally losses incurred on loans made from the Agricultural Marketing Act Revolving Fund. These loan losses amounted to \$338.6 million. Also included

are losses in the amount of \$40 million which represent donations of cotton and wheat authorized by Congress to the American Red Cross. The losses are applicable to transactions which occurred prior to the assumption of the management of the Fund by the Farm Credit Administration in May 1933.

5. Five "miscellaneous" programs described as follows:

- (a) Distribution costs on CCC stocks and hay for emergency feed program. This program, financed from the Disaster Loan Revolving Fund, involved the furnishing of feed and hay in the fiscal years 1954 and 1955. The cost of transporting feed furnished by the Commodity Credit Corporation was paid from the fund and totaled \$27.7 million. The fund also made advances to States to assist in defraying the cost of transporting hay purchased by the States and these costs totaled \$8.5 million. The aggregate cost of this phase of the emergency feed program was \$36.2 million.
- (b) Federal Surplus Commodities Corporation. This Corporation operated from 1935 to 1942 for the purpose of purchasing, processing, storing, handling, transporting, and disposing of surplus agricultural commodities and products for relief. The operations of the Corporation resulted in a net gain of \$15.7 million, arising principally from the sale of hides.
- (c) Retirement of cotton pool participation trust certificates. This program represents the close-out of cotton pool participation trust certificates issued under the cotton pool established pursuant to the Agricultural Adjustment Act of 1933. The cost of the program, which took place in 1939-40, amounted to \$1.4 million.
- (d) Removal of surplus cattle and dairy products. The Jones-Connally Cattle Act of 1934 authorized, among other things, the purchase of surplus cattle in drought-stricken areas and expenditures for the removal of surplus dairy products throughout the country generally. The cost of this program, extending from 1934 through 1936, was \$76.6 million.
- (e) Transfer of hay and pasture seeds to Federal land administering agencies. P.L. 524, 83d Congress, authorized the transfer of seeds from Commodity Credit Corporation stocks to the Forest Service, Fish and Wildlife Service, and Bureau of Land

Management for use in seeding grazing lands administered by them. The realized cost of the seeds transferred in fiscal year 1955 amounted to \$0.1 million, which amount is reimbursable by appropriation to the Commodity Credit Corporation.

Programs Primarily for the Conservation of Resources

The overall realized cost of the programs primarily for the conservation of resources for the 24-year period was \$5,220.7 million. Actual annual realized costs in recent years have ranged from \$416.4 million in fiscal year 1947 to \$265.0 million in fiscal year 1954.

All of the programs in this category are indicated by their very nature to relate to the same broad purpose. The "Agricultural Conservation Program" is designed to encourage conservation by sharing with farmers and ranchers the cost of applying approved measures considered as needed in the public interest and which farmers generally would not perform adequately with their own resources. This program has been in effect since 1936 and the total cost to June 30, 1955, was \$3,894.5 million.

"Soil Conservation Service programs" aid in bringing about physical adjustments in land use to conserve soil and water resources. The total cost of these programs for the period 1932-1955, inclusive, was \$711.7 million and covers the expenditures for technical assistance and other services to farmers and ranchers.

The "Forest Service programs" carried here include principally (1) Management, protection, and development of the National Forests; and (2) Cooperation with State and private forest landowners. These activities have the common objective of promoting the conservation and wise use of the country's forest and related watershed lands. The realized cost of the programs, shown by the statement to be \$552.2 million for the 24-year period, represents a net figure. The gross expenditures for forest programs have been \$1,145.5 million while the gross receipts, arising from timber sales, grazing fees, recreational areas, etc., have amounted to \$593.3 million.

"Flood prevention and watershed protection" programs aim (1) to prevent or reduce flood water and sediment damage in upstream areas and to reduce sedimentation of river channels and reservoirs; and (2) to cooperate with State and local public agencies in planning and installing works of improvement in small upstream watersheds to prevent erosion, flood water, and sediment damage. The cost of the program to June 30, 1955, was \$62.3 million.

Credit and Related Programs for Electrification and
Telephone Facilities, and Farm Purchase, Maintenance,
Operation, and Housing

The realized cost for this functional category has been \$1,344.3 million, and in recent years the actual annual realized costs have ranged from \$28.2 million in fiscal year 1948 to \$60.1 million in fiscal year 1953.

Included in this category are the lending operations of the Rural Electrification Administration and the Farmers Home Administration. The costs of the programs have been segregated as between those pertaining directly to the lending operations and those pertaining to the administration of the programs, including some grants of funds by the Farmers Home Administration.

The Rural Electrification Administration makes loans to cooperatives and others to provide electric service to farms and other rural establishments and, also, to furnish and improve telephone service in rural areas. These loans constitute investments and hence cannot be regarded as costs since they are recoverable. Therefore, the cost of the lending program can only be considered as the losses sustained on loans and the interest cost to the Federal Government on the funds made available for lending and actually advanced to borrowers. In the case of the Rural Electrification Administration loan losses have been less than \$50,000, and the realized cost figure of \$142.0 million, shown by the statement, represents the Government's interest cost on funds advanced to borrowers less the interest collected from borrowers. The realized cost of the noncorporate lending program of the Rural Electrification Administration reported in this statement should not be confused with figures reported for this program on the accrued income and expense basis. The latter basis differs from the realized cost principally because it includes (1) income earned but not yet collected, (2) interest costs charged to the agency rather than interest costs to the Treasury on borrowed funds, and (3) an estimated allowance for possible losses on loans. On the accrued income and expense basis the lending operations of REA reflect a net income of \$49.0 million for the period covered by this statement.

For the Farmers Home Administration, which makes loans to farmers for farm operating expenses, farm ownership, farm housing, and water facilities, the same approach to realized cost on the lending program has been followed. Losses on loans have totaled \$153.8 million, and interest income (which in this instance is an income figure because the interest collected has exceeded the Government's interest cost) amounted to \$65.6 million, giving a net realized cost of \$88.2 million.

The administrative expenses of REA and FHA, together with grants amounting to \$153.4 million made largely in the late 1930's and early 1940's by the Farmers Home Administration, total \$1,114.1 million.

Research and Education

"Research" embraces all research activities of the Department, including grants to States administered by the Department, concerned with the production, storage, distribution and utilization of agricultural products, and with human nutrition and home economics. The cost of these programs, as shown by the statement for the 24-year period, was \$857.9 million.

"Education" is represented by the activities of the Federal Extension Service, and includes payments to States for cooperative agricultural extension work. The extension service brings to rural people and others the results of research conducted by the Department, the colleges and other agencies. Its objective is to help people to help themselves to attain greater efficiency in farming, in marketing, and in distribution, and to have better homes and higher standards of living. As the statement shows, the total cost for the 24-year period was \$548.1 million.

Other, Chiefly School Lunch, Marketing Services, Regulatory, Crop and Animal Disease and Pest Control Activities

This category includes the school lunch program, marketing services, regulatory activities, crop and animal disease and pest control activities, crop and livestock estimates work, and the staff offices of the Department. The school lunch program, for which a total cost of \$856.6 million is shown, includes the cash payments to States under the National School Lunch Act, the commodities purchased under Section 6 of the Act, and certain cash payments made from funds available under Section 32 of the Act of August 24, 1935. It does not include the cost of commodities donated either by the Commodity Credit Corporation or from the program for the removal of surplus agricultural commodities, as they are included in the first functional category.

These "Other" programs are shown to have an aggregate cost of \$896.2 million for the 24-year period.

Programs Primarily for Wartime, Defense, and Other Special Needs

Includes such programs as Farm Labor, Emergency Rubber Project, Eradication of Foot-and-Mouth Disease in Mexico, liquidation of Sugar Rationing Administration and the administrative expenses of the War Food Administration. The cost of these programs totaled \$350.3 million during the period covered by the statement.

The statement contains three other sections dealing with programs related to agriculture but which are not a part of the regular activities of the Department.

A section is shown for the Farm Credit Administration, which was transferred from the Department on December 4, 1953, but which conducts programs directly related to agricultural interests.

The section dealing with the Wartime Consumer Subsidy Program, as conducted through the Commodity Credit Corporation and the Reconstruction Finance Corporation, shows the cost of payments for or purchases of agricultural products to maintain consumer price ceilings during World War II.

The last section, titled "Other special activities not a part of the agricultural programs of the Department," is self-explanatory as to its purpose. The Government procurement of agricultural commodities other than by the Department of Agriculture has been done through the International Cooperation Administration and its predecessor agencies.

Supplementing the Realized Cost Statement is an appendix which is titled "Summary of Realized Cost of Agricultural Programs Primarily for Stabilization of Farm Prices and Income, Showing Distribution of Cost by Commodity Groups." This appendix constitutes a breakdown by commodity groups of the total realized cost of \$9,819.3 million for these programs. Detailed information is shown for the basic commodities, designated non-basic commodities, and some of the other nonbasic commodities.

In considering the realized cost of any given commodity or group of commodities it is important to keep in mind all of the programs bearing on them. For example, the total realized cost directly chargeable to the basic commodities during the period covered by this statement is \$5,632.7 million for all programs primarily for stabilization of farm prices and income, although as the appendix indicates only \$392.7 million of this cost is attributable to the CCC nonrecourse loan, purchase and payment programs.

Not all of the costs in the category "Programs primarily for the stabilization of farm prices and income" could be allocated to commodities as is indicated at the bottom of the appendix where such items of cost as interest, administrative expenses, etc. are identified by broad programs only.

TABLE 3.- CUMULATIVE SUMMARY OF REALIZED COST OF AGRICULTURAL PROGRAMS PRIMARILY FOR STABILIZATION OF FARM PRICES AND INCOME,
SHOWING DISTRIBUTION OF COST BY COMMODITY GROUPS, FISCAL YEARS 1932 - 1955 ^{a/}

(Millions of dollars)

	Total	CCC nonrecourse loan, purchase, and payment programs	CCC supply, commodity export, and other activities	CCC administrative and other general costs	CCC Total	National Wool Act Program	Inter-national Wheat Agreement	Donations of commodities to other Nations	Commodities sold for foreign currencies under Title P.L. 480 b/	Removal of surplus agricultural commodities c/	Sugar Act	Federal crop insurance	Acreage allotment payments under the Agricultural Conservation Program	Agricultural adjustment programs (principally acreage allotments and marketing quotas) d/	Parity payments	Other Agricultural Adjustment Act of 1933 and related Acts	Agricultural Marketing Act, and payments to stabilization corporations for losses incurred e/	Miscellaneous f/
Basic Commodities:																		
Corn (including cornmeal and AAA corn-hog program):																		
Program expense	1,581.3	227.1	17.0		244.1			8.1		19.9		1.6*	441.0	22.4	347.5	488.7	0.6*	11.2
Miscellaneous receipts	0.6*																	
Processing taxes (net)	261.4*																	
Total, Corn	1,843.3	227.1	17.0		244.1			8.1		19.9		1.6*	441.0	22.4	347.5	488.7	0.6*	11.2
Cotton:																		
CCC nonrecourse loans, purchases, and payments:																		
Upland cotton	267.2*	267.2*			267.2*													
Puerto Rican cotton	0.1	0.1			0.1													
Cotton export differential	41.4	41.4			41.4													
Cotton-rubber barter	11.1*	11.1*			11.1*													
Total	236.8*	236.8*			236.8*													
Other cotton programs:																		
Program expense	2,096.6		g/ 12.5		12.5			1.0	10.2	h/ 348.9		67.2	771.2	48.7	279.7	416.7	139.2	1.3
Miscellaneous receipts	9.7*													7.9*		1.8*		
Processing taxes (net)	247.2*															247.2*		
Total, Cotton	1,602.9	236.8*	12.5		224.3*			1.0	10.2	348.9		67.2	771.2	40.8	279.7	167.7	139.2	1.3
Peanuts:																		
Program expense	172.1	118.1			118.1					26.8			6.2	17.3		3.7		
Miscellaneous receipts	1.9*													1.9*				
Processing taxes (net)	3.7*															3.7*		
Total, Peanuts	166.5	118.1			118.1					26.8			6.2	15.4		--		
Rice:																		
Program expense	28.8	9.3*			9.3*			3.8		6.6			11.7	0.8	5.6	9.6		
Processing taxes (net)	0.5															0.5		
Total, Rice	29.3	9.3*			9.3*			3.8		6.6			11.7	0.8	5.6	10.1		
Tobacco:																		
Program expense	201.9	0.1*			0.1*				3.9	18.1		1.4*	85.0	28.3	6.1	62.0		
Miscellaneous receipts	31.6*													29.5*		2.1*		
Processing taxes (net)	68.5*															68.5*		
Total, Tobacco	101.8	0.1*			0.1*				3.9	18.1		1.4*	85.0	1.2*	6.1	8.6*		
Wheat (including wheat cereal and wheat flour):																		
Program expense	2,673.7	293.7	80.4		374.1		700.9	132.6	85.8	136.0		11.3	351.2	49.4	328.2	354.6	147.2	2.4
Miscellaneous receipts	15.9*													15.9*				
Processing taxes (net)	244.9*															244.9*		
Total, Wheat	2,934.5	293.7	80.4		374.1		700.9	132.6	85.8	136.0		11.3	351.2	33.5	328.2	109.7	147.2	2.4
Total, Basic	5,632.7	322.7	109.9		502.6		700.9	145.5	99.9	526.3		75.5	1,666.3	111.7	967.1	505.6	286.4	14.9
Designated Non-basic Commodities:																		
Butter	481.3	303.6			303.6			6.8	1.8	169.1								
Cheese	142.4	113.8			113.8			2.0		26.6								
Milk	351.0	290.1			290.1			2.5		58.4								
Potatoes	638.4	478.4			478.4					133.9			26.1					
Wool	105.7	93.4			93.4												12.3	
Other	14.5	1.3			1.3					12.7							0.5	
Total, Designated Non-basic	1,733.3	1,280.6			1,280.6			11.3	1.8	400.7			26.1				12.8	
Other Non-basic Commodities:																		
Eggs	331.5	189.6			189.6					141.9								
Flaxseed and Linseed Oil	146.1	140.3			140.3					5.8								
Sugar:																		
Sugar Act program:																		
Sugar payments	953.1										953.1							
Sugar taxes	1,298.9*										1,298.9*							
Net total, Sugar Act	345.8*										345.8*							
Other sugar programs	111.2	16.5			16.5					0.1			3.6			91.0		
Processing taxes (net)	76.2*															76.2*		
Total, Sugar	310.8*	16.5			16.5					0.1	345.8*		3.6			14.8		
Remaining Non-basics:																		
Program expenses	1,863.3	309.2	41.3		350.5			6.6	27.4	640.5		2.8	658.8			0.2	77.7	98.8
Miscellaneous receipts	18.4*															5.4*		13.0*
Processing taxes (net)	0.2*															0.2*		
Total, Other	1,881.7	309.2	41.3		350.5			6.6	27.4	640.5		2.8	658.8			5.4*	77.7	85.8
Total, Other Non-basic	2,011.5	655.6	41.3		696.9			6.6	27.4	788.3	345.8*	2.8	662.4			9.4	77.7	85.8
Total, all commodities	9,377.3	2,328.7	151.3		2,480.0		700.9	163.4	129.1	1,745.2	345.8*	78.3	2,354.8	111.7	967.1	515.0	376.9	100.7
Interest cost:																		
Interest payments	429.7			412.3	412.3		14.6	2.4	0.4									
Imputed interest cost ^{j/}	61.2			33.1	33.1							14.9					13.2	
Interest income	192.0*			177.5*	177.5*							1.0*					13.5*	
Other costs not allocable to specific commodities ^{k/}	145.9		1/ 355.0*	216.3	138.7*	0.2	1.3			58.9	22.2	86.7	m/	n/ 7.0	49.5	56.2	2.0	0.6
Receipts not allocable by commodities	2.8*															0.1*		2.7*
Realized cost	9,819.3	2,328.7	203.7*	484.2	2,609.2	0.2	716.8	165.8	129.5	1,804.1	323.6*	178.9	2,354.8	118.7	1,016.6	571.1	378.6	98.6

Prepared by the Office of Budget and Finance, U. S. Department of Agriculture.

	Total	CCC nonrecourse loan, purchase, and payment programs	CCC supply, commodity export, and other activities	CCC administrative and other general costs	CCC Total	National Wool Act Program	Inter-national Wheat Agreement	Donations of commodities to other Nations	Commodities sold for foreign currencies under Title 1, P.L. 480 b/	Removal of surplus agricultural commodities c/	Sugar Act	Federal crop insurance	Acreage allotment payments under the Agricultural Conservation Program	Agricultural adjustment programs (principally acreage allotments and marketing quotas) d/	Parity payments	Other Agricultural Adjustment Act of 1933 and related Acts	Agricultural Marketing Act; Revolving Fund; and payments to stabilization corporations for losses incurred e/	Miscellaneous f/
RECAPITULATION:																		
Commodity totals:																		
Program expense (before deduction of miscellaneous receipts and taxes)	11,655.9	2,328.7	151.3		2,480.0		700.9	163.4	129.1	1,745.2	953.1	78.3	2,354.8	166.9	967.1	1,426.5	376.9	113.7
Miscellaneous receipts	78.1*										1,298.9*			55.2*		9.9*		13.0*
Sugar taxes	1,298.9*																	
Processing taxes (net)	901.6*																	
Total, commodities	9,377.3	2,328.7	151.3		2,480.0		700.9	163.4	129.1	1,745.2	345.8*	78.3	2,354.8	111.7	967.1	515.0	376.9	100.7
Other amounts not allocable by commodities	442.0		355.0*	484.2	129.2	0.2	15.9	2.4	0.4	58.9	22.2	100.6		7.0	49.5	56.1	1.7	2.1*
Realized cost	9,819.3	2,328.7	203.7*	484.2	2,609.2	0.2	716.8	165.8	129.5	1,804.1	323.6*	178.9	2,354.8	118.7	1,016.6	571.1	378.6	98.6

Note - Details may not add to totals shown due to rounding.

* Represents income or minus expenditures.

a/ The distribution by commodities is necessarily estimated in most instances since accounting records were not required to be maintained on an individual commodity basis.

b/ In consequence of commodities shipped to foreign countries under this program, foreign currencies having a U. S. dollar equivalent of \$57,321,312.54 had been collected and deposited to the credit of the United States as of June 30, 1955. The U. S. dollar equivalent is based on the rates of exchange set forth in the agreements negotiated with the respective countries. These foreign currencies may be used, upon approval of the Bureau of the Budget, only for the purposes authorized in Section 104 of the Agricultural Trade Development and Assistance Act (P.L. 480, 83rd Congress, as amended).

c/ Includes the cost of commodities purchased and distributed to the school lunch program but excludes cash payments to schools for part of their school lunch program expenditures during fiscal years 1943 to 1949, inclusive.

d/ The amounts indicated hereunder are principally for salaries and expenses for fiscal years 1947 to 1955 in connection with acreage allotments and marketing quotas on the commodities shown. Prior to 1947, such work was handled as a part of the Agricultural Conservation Program, and administrative expenses for this work were not maintained separately from administrative expenses of the Agricultural Conservation Program. Accordingly, amounts for acreage allotments and marketing quotas for 1946 and prior years are not included in this statement.

e/ Represents principally losses incurred on loans made from the revolving fund by the Federal Farm Board to stabilize the prices of wheat and cotton. A large portion of such losses resulted from donations authorized by Congress to the American Red Cross, without reimbursement to the fund, of wheat and cotton acquired in stabilization operations. In accordance with Congressional authorizations, the losses were written off in the years 1932, 1933, and 1934.

f/ Includes five miscellaneous programs as follows: (1) Distribution costs on CCC stocks and hay for emergency feed program, and (2) net operating results of the Federal Surplus Commodities Corporation which operated from 1935 to 1942 for the purpose of purchasing, processing, storing, handling, transporting, and disposing of surplus agricultural commodities and products for relief; (3) retirement of cotton pool participation trust certificates; (4) removal of surplus cattle and dairy products under the Jones - Connally Act; and (5) transfer of hay and pasture seeds to Federal land administering agencies.

g/ Represents cost of commodity export program on cotton exclusive of export differential on cotton owned or pooled by CCC.

h/ Includes \$163.2 million for cotton price adjustment.

i/ Includes \$163.2 million cost applicable to the cotton price adjustment programs and \$30.5 million in incentive payments under the 1943 ACP program. An item of \$12.1 million of program cost, which cannot be allocated to individual commodities, is included in "Other costs not allocable to specific commodities" below.

j/ Interest computed for each year on the basis of the average rate incurred by Treasury on the public debt in that year.

k/ Consists of administrative expenses and other general costs or income not distributable by specific commodities.

l/ Includes charged-off accounts and notes receivable of \$2.9 million and the net realized gain on the supply and foreign purchase programs which are identifiable by broad commodity groupings as follows:

Supply	(Millions)	Foreign Purchase	(Millions)
Cotton and lintens	\$ 1.9*	Cotton	\$ 5.9*
Grains and seeds	75.7*	Fats and oils	38.9*
Oils (bulk)	0.9*	Foodstuffs	5.7*
Tobacco	4.8*	Other	0.2
General commodities purchase	188.4*	Total	50.3*
Processed and packaged commodities	39.2*		
Sugar, Puerto Rican raw	0.1*		
Other	3.4		
Total	307.6*		

These programs were separate from the major activity of the Corporation and were undertaken as a means of supplying the requirements of Government agencies, foreign governments, and relief and rehabilitation agencies, and to meet domestic requirements. The gain of \$188.4 million under general commodities purchase resulted from the establishment of sales prices at a level which would prevent losses to the Corporation on the supplying of commodities and products thereof to meet the requirements of the U. S. Armed Services, Lend-Lease participants, foreign governments, relief agencies, etc., during World War II.

m/ No administrative or other general costs are included for these acreage allotment payments. The program was conducted as a part of the Agricultural Conservation Program and records of administrative and other non-payment costs were not maintained separately for acreage allotment payments as distinguished from payments for conservation practices.

n/ Includes activities chiefly to assure production of crops in short supply and assistance to farmers in obtaining equipment and materials necessary to achieve the production required by the Korean mobilization.



TABLE 4.- REALIZED COST OF PROGRAMS PRIMARILY FOR STABILIZATION OF FARM PRICES AND INCOME,
DISTRIBUTED BY FISCAL YEARS 1932 - 1955 AND BY COMMODITIES, WHERE POSSIBLE ^{a/}

(Millions of dollars)

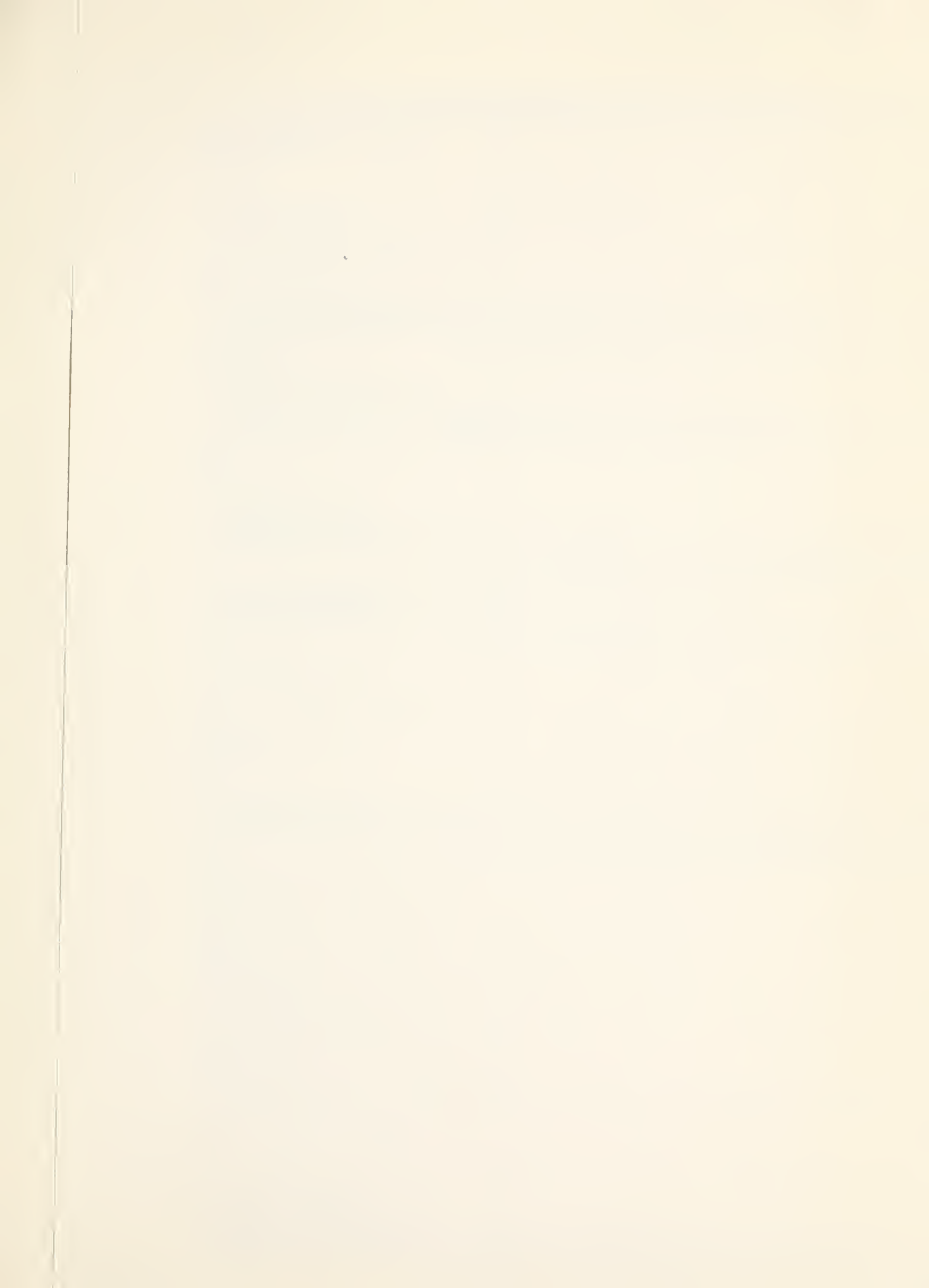
	Total	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	
Basic Commodities:																										
Corn (including cornmeal and AAA corn-hog program):																										
CCC nonrecourse loan, purchase, and payment programs	227.1																									
CCC losses on emergency feed b/	17.0								1.1	3.4	15.6	9.5	4.5	0.3*	8.1	7.4*	0.3*		0.1	17.2	0.8	1.8*	20.5	80.5	75.7	
Donations of commodities to other nations c/	8.1																							16.5	0.5	
Removal of surplus agricultural commodities:																									8.1	
Corn	2.4																									
Cornmeal	17.5									0.8														1.5		
Total	19.9								2.8	5.3	2.2	4.1	3.1													
Federal crop insurance	1.6*								2.8	6.1	2.2	4.1	3.1												1.5	
Acreage allotment payments under the Agricultural Conservation Program	441.0															0.3	0.1*	0.5	0.4*	0.5*	0.2	1.5	1.0*	1.4*	0.6*	
Agricultural adjustment programs (acreage allotments and marketing quotas):	22.4								61.0	89.9	86.0	86.3	66.7	51.2												
Parity payments	347.5								d/	d/	d/	d/	d/	d/						5.0	3.9			6.8	6.7	
Agricultural Adjustment Act of 1933 and related Acts:																										
Corn-hog program:																										
Program expenses	488.7				311.9	176.9																				
Miscellaneous receipts	0.6*					0.6*																				
Processing taxes (net)	261.4*				105.4*	137.7*																				
Total	226.7				105.4*	174.2																				
Transportation and handling of emergency feed e/	11.2																							10.5	0.7	
Total, Corn	1,319.3			105.4*	174.2	158.0			64.9	159.4	147.6	143.8	195.7	129.2	8.1	7.1*	0.4*	0.5	0.3*	21.7	4.9	0.3*	19.5	114.4	91.1	
Cotton:																										
CCC nonrecourse loan, purchase, and payment programs:																										
Upland cotton	267.2*					8.7	5.3	0.4	0.1	0.8	12.2	63.3*	25.5*	27.4*	22.9*	79.2*	46.5*	0.3	1.0	3.4*	28.9*	0.1*	0.4	1.8	0.8*	
Puerto Rican cotton	0.1																									
Cotton export differential	41.4															0.1										
Cotton-rubber barter	11.1*											11.1*			3.0	24.7	13.7									
Total	236.8*					8.7	5.3	0.4	0.1	0.8	12.2	74.4*	25.5*	27.4*	19.9*	54.4*	32.8*	0.3	1.0	3.4*	28.9*	0.1*	0.4	1.8	0.8*	
CCC Commodity export program f/	12.5																									
CCC Total	224.3*					8.7	5.3	0.4	0.1	0.8	12.2	74.4*	25.5*	27.4*	19.9*	47.3*	27.3*	0.3	0.9	3.4*	28.9*	0.1*	0.4	1.8	0.8*	
Donations of commodities to other nations g/	1.0																								1.0	
Commodities sold for foreign currencies under Title I, P.L. 480 g/	10.2																								10.2	
Removal of surplus agricultural commodities:																										
Cotton price adjustment	163.2					28.7	13.3	0.1	120.6	0.4		0.1														
Surplus removal operations	185.7					4.1		0.1	1.9	49.5	54.0	12.2	6.5	1.3	0.3	18.6	34.5	2.5	0.2							
Total	348.9					32.8	13.3	0.2	122.5	49.9	54.0	12.3	6.5	1.3	0.3	18.6	34.5	2.5	0.2							
Federal crop insurance	67.2												4.8	6.7		15.1	37.0	1.7	0.8*	1.5	3.3	0.5*	1.2*	0.1	0.7*	
Acreage allotment payments under the Agricultural Conservation Program	771.2						86.9	68.7	142.6	118.8	102.6	97.2	80.2	74.2												
Agricultural adjustment programs (acreage allotments and marketing quotas):																										
Program expenses	48.7								d/	d/	d/	d/	d/	d/						3.6	9.9	7.3	0.2	0.1	15.7	11.9
Miscellaneous receipts	7.9*								0.5*	1.3*	0.5*	1.0*	1.1*	0.9*	0.1*	0.1*	0.3*			0.5*	0.4*	0.6*	0.4*	0.1*	0.1*	
Total	40.8								0.5*	1.3*	0.5*	1.0*	1.1*	0.9*	0.1*	0.1*	0.3*			3.6	9.4	6.9	0.4*	0.3*	15.6	11.8
Parity Payments	279.7									96.2	95.8	87.7														
Retirement of cotton pool participation trust certificates	1.3								1.1	0.2																
Agricultural Adjustment Act of 1933 and related Acts:																										
Program expenses	416.7			181.0	115.2	120.5																				
Miscellaneous receipts	1.8*																									
Processing taxes (net)	247.2*			97.4*	131.6*	18.2*																				
Total	167.7			83.6	16.4*	102.3				0.5*																
Agricultural Marketing Act Revolving Fund, and payments to stabilization corporations for losses incurred h/	139.2	113.6	24.3	1.3																						
Total, Cotton	1,602.9	113.6	24.3	84.9	16.4*	143.8	104.2	69.3	265.8	264.1	264.1	121.8	64.9	53.9	19.7*	13.7*	43.9	4.5	3.9	7.5	18.7*	1.0*	1.1*	17.5	21.5	
Peanuts:																										
CCC nonrecourse loan, purchase, and payment programs	118.1																0.7*	2.8	23.8	40.6	14.6	8.7	3.0	23.4	2.1	
Removal of surplus agricultural commodities	26.8					0.3		2.3		0.7	7.9								10.2	4.6	0.9					
Acreage allotment payments under the Agricultural Conservation Program	6.2						1.3	0.9	1.2	0.6	0.5	1.1	0.7													
Agricultural adjustment programs (acreage allotments and marketing quotas):																										
Program expenses	17.3											d/	d/	d/					2.4	2.4	2.3	2.2	2.0	2.3	2.0	1.7
Miscellaneous receipts	1.9*																				0.1*	0.1*	0.5*	0.3*	0.3*	
Total	15.4																		2.4	2.4	2.3	2.1	1.9	1.8	1.7	1.4
Agricultural Adjustment Act of 1933 and related Acts:																										
Program expenses	3.7																									
Processing taxes (net)	3.7*																									
Total	--																									
Total, Peanuts	166.5			1.4*	2.0*	3.7	1.3	3.2	1.2	1.3	8.4	1.1	0.7	0.2*	0.4*		0.7*	5.2	36.4	47.5	17.6	10.6	4.8	25.1	3.5	



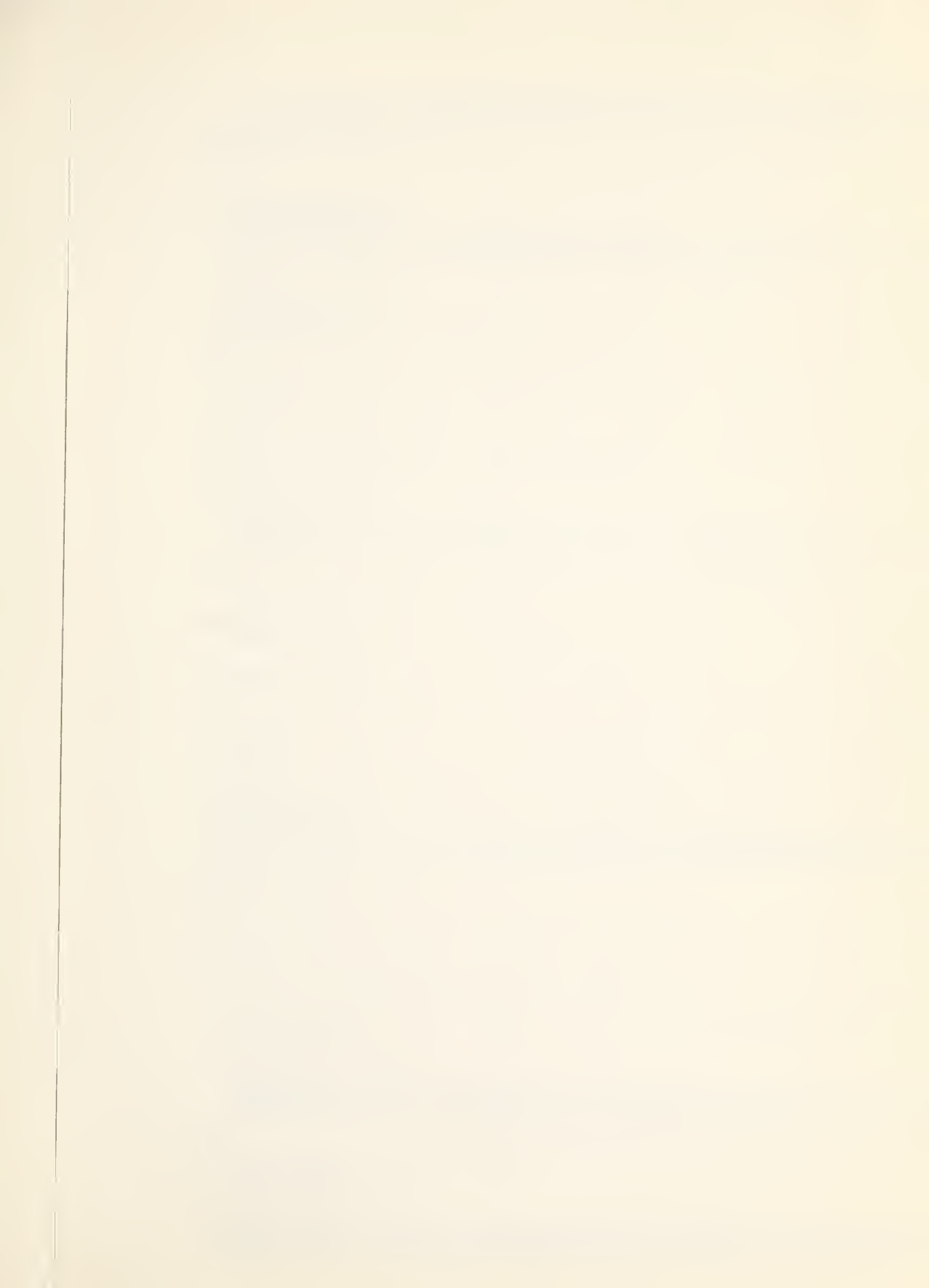
	Total	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955	
Basic Commodities: (Continued)																										
Rice:																										
CCC nonrecourse loan, purchase and payment programs	9.3*																									
Donations of commodities to other nations c/	3.8																			1.3	0.1*	0.1*	0.3	0.6*	10.2*	
Removal of surplus agricultural commodities	6.6																								3.8	
Acreage allotment payments under the Agricultural Conservation Program	11.7						0.1	1.9	0.4	3.1	1.1															
Agricultural adjustment programs (acreage allotments and marketing quotas)	0.8						2.6	2.8	2.0	1.5	0.9	0.8	0.5	0.6												
Parity payments	5.6																									
Agricultural Adjustment Act of 1933 and related Acts:										1.8	1.3	2.5								0.2	0.2				0.4	
Program expenses	9.6																									
Processing taxes (net)	0.5					9.6																				
Total	10.1			0.2*	0.5	0.2																				
Total, Rice	29.3			0.2*	0.5	9.8	2.7	4.7	2.4	6.4	3.3	3.3	0.5	0.6						1.5	0.1	0.1*	0.3	0.6*	6.0*	
Tobacco:																										
CCC nonrecourse loan, purchase, and payment programs	0.1*																									
Commodities sold for foreign currencies under Title I, P.L. 480 g/	3.9									0.1	2.0		0.1	7.0*	0.2*			0.1*	0.1*	0.2*	0.1*	1.0	2.8	1.0	0.5	
Removal of surplus agricultural commodities	18.1																								3.9	
Federal crop insurance	1.4*					1.1	1.7	1.6	0.4			0.4	1.7	2.7				8.5								
Acreage allotment payments under the Agricultural Conservation Program	85.0						15.4	11.5	10.6	7.5	12.6	11.7	8.4	7.5		0.2*	0.5*		0.4*	0.3*	0.6*	0.8*	0.3*	1.9	0.3*	
Agricultural adjustment programs (acreage allotments and marketing quotas):																										
Program expenses	28.3																									
Miscellaneous receipts	29.5*								d/		d/	d/	d/	d/	d/	d/	1.9	2.4	2.5	2.6	3.2	3.5	3.7	3.9	4.6	
Total	1.2*								0.5*	0.4*	0.1*	0.1*	0.6*	d/	d/	0.4*	0.9*	4.6*	2.4*	2.8*	1.9*	2.2*	4.3*	4.4*	3.9*	
Parity payments	6.1								0.5*	0.4*	0.1*	0.1*	0.6*			0.4*	1.0	2.2*	0.1	0.2*	1.3	1.3	0.6*	0.5*	0.7	
Agricultural Adjustment Act of 1933 and related Acts:												4.6	0.6	0.9												
Program expenses	62.0			2.1	43.9	16.0																				
Miscellaneous receipts	2.1*						1.7*	0.4*																		
Processing taxes (net)	68.5*			25.7*	37.3*	5.5*																				
Total	8.6*			23.6*	6.6	10.5	1.7*	0.4*																		
Total, Tobacco	101.8			23.6*	6.6	11.6	15.4	12.7	10.5	7.2	14.5	16.6	10.2	4.1	0.2*	0.6*	0.5	6.2	0.4*	0.7*	0.6	1.5	1.9	2.4	4.8	
Wheat (including wheat cereal and wheat flour):																										
CCC nonrecourse loan, purchase, and payment programs	293.7								3.5	2.0	0.8	5.1*	28.5*	28.4	16.9		0.6*		3.7	28.4	19.0	7.7	18.9	71.3	127.3	
CCC commodity export program	76.9														1.0	0.2								26.1	49.6	
CCC losses on emergency feed b/	3.5																							3.3	0.2	
CCC Total	374.1								3.5	2.0	0.8	5.1*	28.5*	28.4	17.9	0.2	0.6*		3.7	28.4	19.0	7.7	18.9	100.7	177.1	
International Wheat Agreement	700.9																			75.5	178.2	166.9	125.9	55.9	98.5	
Donations of commodities to other nations c/	132.6																							73.1	59.5	
Commodities sold for foreign currencies under Title I, P.L. 480 g/	85.8																								85.8	
Removal of surplus agricultural commodities:																										
Wheat	24.5					5.5			3.9	5.7	0.6	1.0	2.7							2.3				2.8		
Wheat cereal	4.5							0.8	1.2	2.3	0.1		0.1													
Wheat flour	107.0					0.2	0.2	11.1	9.9	24.2	16.6	22.3	13.2	1.3	4.2	3.8										
Total	136.0					5.7	0.2	11.9	15.0	32.2	17.3	23.3	16.0	1.3	4.2	3.8				2.3				2.8		
Federal crop insurance	11.3									2.2	4.7	7.6	3.6	8.3		0.8*	8.9*	9.2*	3.6*	3.5	4.1*	0.5	1.9*	4.0	5.5	
Acreage allotment payments under the Agricultural Conservation Program	351.2						3.2		50.1	83.9	47.8	49.1	57.4	59.7												
Agricultural adjustment programs (acreage allotments and marketing quotas):																										
Program expenses	49.4										d/	d/	d/	d/	d/	6.6*	6.0*	1.0*	0.3*	0.2*	4.9	8.5	4.4	4.2	12.9	14.5
Miscellaneous receipts	15.9*											0.6*	0.2*	6.6*	6.0*	1.0*	0.3*	0.2*	4.7	8.2	4.4		4.2	12.9	14.0	
Total	33.5									53.6	55.9	58.2	79.7	80.8												
Parity payments	328.2																									
Agricultural Adjustment Act of 1933 and related Acts:																										
Program expenses	354.6			93.8	105.6	115.0	40.2																			
Processing taxes (net)	244.9*			93.9*	132.0*	19.0*																				
Total	109.7			0.1*	26.4*	90.0	40.2																			
Agricultural Marketing Act Revolving Fund, and payments to stabilization corporations for losses incurred h/	147.2	104.7	39.0	3.5																						
Transportation and handling of emergency feed e/	2.4																							2.1	0.3	
Total, Wheat	2,412.9	104.7	39.0	3.4	26.4*	101.7	43.6	11.9	68.6	173.9	126.5	132.5	128.0	171.9	16.1	2.2	9.8*	9.4*	4.8	117.9	197.5	175.1	147.1	251.5	440.7	
Total, Basic Commodities	5,632.7	218.3	63.3	42.3*	136.5	428.6	167.2	101.8	413.4	612.3	564.4	419.1	400.0	359.5	3.9	19.2*	33.5	7.0	44.4	195.4	202.0	185.8	172.5	410.3	555.6	
Designated Non-basic Commodities:																										
Dairy products:																										
Butter:																										
CCC nonrecourse loan, purchase, and payment programs	303.6																			4.1	44.2		0.5	35.7	219.2	
Donations of commodities to other nations c/	6.8																								6.8	
Commodities sold for foreign currencies under Title I, P.L. 480 g/	1.8																								1.8	
Removal of surplus agricultural commodities	169.1						0.1	4.1	34.8	12.4	12.3	13.5	3.1							12.8			17.0	58.8	0.2	
Total, Butter	481.3						0.1	4.1	34.8	12.4	12.3	13.5	3.1							16.9	44.2		17.5	94.5	228.0	

	Total	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955
Dairy products: (Continued)																									
Cheese:																									
CCC nonrecourse loan, purchase, and payment programs	113.8																								
Donations of commodities to other nations c/	2.0																			1.0	24.0			12.7	76.1
Removal of surplus agricultural commodities	26.6																								2.0
Total, Cheese	142.4							0.5		0.6		1.3	0.6										0.7	22.7	0.2
								0.5		0.6		1.3	0.6							1.0	24.0		0.7	35.4	78.3
Milk:																									
CCC nonrecourse loan, purchase, and payment programs	290.1																								
Donations of commodities to other nations c/	2.5																	0.4*	0.1*	14.6	42.7	1.2	4.8	82.3	145.0
Removal of surplus agricultural commodities	58.4																								2.5
Total, Milk	351.0						0.2	1.2	4.2	4.8	2.5	14.6	6.7	3.6					1.8	2.8		4.2	4.4	7.2	0.1
							0.2	1.2	4.2	4.8	2.5	14.6	6.7	3.6				0.4*	1.7	17.4	42.7	5.4	9.2	89.5	147.6
Other:																									
Agricultural Marketing Act Revolving Fund b/	0.5	0.4	0.1																						
Total, Dairy products	975.2	0.4	0.1				0.3	5.8	39.0	17.8	14.8	29.4	10.4	3.6				0.4*	1.7	35.3	110.9	5.4	27.4	219.4	453.9
Honey:																									
CCC nonrecourse loan, purchase, and payment programs	0.9																								
Removal of surplus agricultural commodities	12.7																	0.4	0.5						
Total, Honey	13.6									0.1	0.1							0.8	1.7	0.3	1.6	3.8	2.9	0.8	0.6
										0.1	0.1							1.2	2.2	0.3	1.6	3.8	2.9	0.8	0.6
Potatoes:																									
CCC nonrecourse loan, purchase, and payment programs	478.4																								
Removal of surplus agricultural commodities:														3.5	13.0	8.8	62.9	47.4	203.9	75.1	63.4	0.1	0.1		0.3
Surplus removal operations	108.3					0.2	0.7	2.8	1.4		10.9	10.3	5.3	5.1	0.6	7.5	25.8	19.9	10.7	4.8				2.1	0.2
Incentive payments	25.6												25.6												
Total	133.9					0.2	0.7	2.8	1.4		10.9	10.3	30.9	5.1	0.6	7.5	25.8	19.9	10.7	4.8				2.1	0.2
Acreage allotment payments under the Agricultural Conservation Program	26.1								6.1	5.6	5.5	4.7	4.1												
Total, Potatoes	638.4					0.2	0.7	2.8	7.5	5.6	16.4	15.0	35.0	8.6	13.6	16.3	88.7	67.3	214.6	79.9	63.4	0.1	0.1	2.1	0.5
Tung Oil:																									
CCC nonrecourse loan, purchase, and payment programs	0.4																								
																			0.3		0.2*				0.3
Wool:																									
CCC nonrecourse loan, purchase, and payment programs	93.4													0.6	1.1	14.2	33.5	19.5	12.7	10.8	0.1*	0.1		0.5	0.7
Agricultural Marketing Act Revolving Fund b/	12.3	11.0	1.3																						
Total, Wool	105.7	11.0	1.3											0.6	1.1	14.2	33.5	19.5	12.7	10.8	0.1*	0.1		0.5	0.7
Total, Designated Non-basic Commodities	1,733.3	11.4	1.4			0.2	1.0	8.6	46.5	23.4	31.3	44.4	45.4	12.8	14.7	30.5	122.2	87.6	231.5	126.3	175.6	9.4	30.4	222.8	456.0
Remaining Non-basic Commodities:																									
Almonds:																									
Removal of surplus agricultural commodities	1.7																			0.7		1.0			
Apples:																									
Removal of surplus agricultural commodities	81.5					0.9	0.1	5.8	0.6	9.1	11.0	12.0	7.5		3.0			4.6	0.2	9.8	9.6	7.1	0.1		
Apricots:																									
Removal of surplus agricultural commodities	1.6							0.3		0.1		0.2						0.7	0.1						
Barley:																									
CCC nonrecourse loan, purchase, and payment programs	25.7													0.1*		0.2	0.1*		0.7	2.6	1.8	2.8	2.2	2.0	13.6
Donations of commodities to other nations c/	0.2																								0.2
Commodities sold for foreign currencies under Title I, P.L. 480 g/	11.3													0.1*		0.2	0.1*		0.7	2.6	1.8	2.8	2.2	2.0	11.3
Total, Barley	37.2																								
Beans:																									
CCC nonrecourse loan, purchase, and payment programs	46.3													0.2						0.9	11.7	15.4	6.8	7.1	4.2
Donations of commodities to other nations c/	1.9																								1.9
Removal of surplus agricultural commodities	35.3					0.3		2.1	2.1	1.6	6.9	7.7	3.3		0.7			0.1		0.1		0.1		1.2	9.0
Federal crop insurance	0.3																						0.1*	0.1*	0.1
Agricultural Marketing Act Revolving Fund b/	0.2	0.2						2.1	2.1	1.6	6.9	7.7	3.3	0.2	0.7			0.1		1.0	11.8	15.8	6.7	8.2	15.2
Total, Beans	84.0	0.2						2.1	2.1	1.6	6.9	7.7	3.3	0.2	0.7			0.1							
Beef:																									
Removal of surplus agricultural commodities	86.0						0.1																1.4	84.1	0.4
Beets:																									
Removal of surplus agricultural commodities	1.0							0.1		0.1	0.1	0.1	0.1	0.2	0.2		0.1								

	Total	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955
Remaining Non-basic Commodities: (Continued)																									
Blackberries:																									
Removal of surplus agricultural commodities	0.1							0.1																	
Cabbage:																									
Removal of surplus agricultural commodities	5.1					0.1		0.5	1.1	0.3	0.6	0.7	0.4	0.4	0.3	0.3	0.1	0.1	0.1	0.1					
Carrots:																									
Removal of surplus agricultural commodities	1.3							0.1	0.1	0.2	0.1	0.1	0.1	0.5	0.3										
Castor beans:																									
CCC nonrecourse loan, purchase, and payment programs	0.2													0.2											
Cattle and dairy products:																									
Removal of surplus cattle and dairy products ^{1/}	76.6			3.1	66.5	3.6	3.3																		
Cauliflower:																									
Removal of surplus agricultural commodities	0.1						0.1																		
Celery:																									
Removal of surplus agricultural commodities	0.5						0.1	0.3																	
Cherries:																									
Removal of surplus agricultural commodities	2.2																				1.9		0.3		
Citrus:																									
Federal crop insurance	0.3*																					0.1*	0.1*	0.1*	0.1*
Citrus (juice and salad):																									
Removal of surplus agricultural commodities ^{1/}	0.1																								
Coffee:																									
Removal of surplus agricultural commodities	0.6						0.2			0.1		0.2													
Cottonseed and products:																									
CCC nonrecourse loan, purchase and payment programs	63.6																								
CCC losses on emergency feed ^{b/}	17.6																								
Donations of commodities to other nations ^{c/}	4.4																								4.4
Commodities sold for foreign currencies under Title I, P.L. 480 ^{g/}	9.2																								9.2
Removal of surplus agricultural commodities	25.9							0.8														0.9	10.6	13.6	
Transportation and handling of emergency feed ^{e/}	11.1																							11.3	0.2*
Total, Cottonseed and products	131.8							0.8												0.6	5.5*	2.7*	6.8*	59.8	85.6
Cranberries:																									
Removal of surplus agricultural commodities	2.4																				1.2			1.1	0.1
Dates:																									
Removal of surplus agricultural commodities	0.4						0.1	0.1	0.1		0.1														
Eggs:																									
CCC nonrecourse loan, purchase, and payment programs	189.6															0.2	11.5	25.9	0.8	41.6	76.1	29.4	4.3	0.1*	
Removal of surplus agricultural commodities	141.9					0.2	2.1	1.7	0.6	15.5	14.7	26.0	11.9	5.9	3.1		10.7	19.7	13.9	9.6	2.6	3.7			
Total, Eggs	331.5					0.2	2.1	1.7	0.6	15.5	14.7	26.0	11.9	5.9	3.1	0.2	22.2	45.6	14.7	51.2	78.7	33.1	4.3	0.1*	
Figs:																									
Removal of surplus agricultural commodities	3.0						0.1	0.1	0.1	0.1								1.6	0.2				0.4		0.4
Filberts:																									
Removal of surplus agricultural commodities	0.6																	0.2		0.3					
Fish:																									
Removal of surplus agricultural commodities	1.2						0.7	0.3		0.1															
Flax:																									
CCC nonrecourse loan, purchase, and payment programs	0.4																	0.2	0.2	0.1					
Removal of surplus agricultural commodities	0.2						0.1																		
Federal crop insurance	3.5*															0.6*	0.6	1.5*	0.7*	0.3*	0.3*	0.2*	0.1*		0.2*
Acreage allotment payments under the Agricultural Conservation Program	24.5																								
Total, Flax	21.6						2.1									22.5	21.9	0.6	1.3*	0.5*	0.2*	0.3*	0.2*	0.1*	0.2*
Flaxseed and linseed oil:																									
CCC nonrecourse loan, purchase, and payment programs	140.3																		1.2*	3.8	57.5	4.7	1.4	51.3	22.8
Removal of surplus agricultural commodities	5.8																		4.2	0.5	1.1				
Total, Flaxseed and linseed oil	146.1																		3.0	4.3	58.6	4.7	1.4	51.3	22.8



Remaining Non-Basic Commodities: (Continued)	Total	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955
<u>Fruits and vegetables:</u>																									
Agricultural Marketing Act Revolving Fund <u>b/</u>	5.6	4.9	0.7																						
<u>Fruits, dried:</u>																									
CCC nonrecourse loan, purchase, and payment programs	14.9											0.1						15.6	0.4*	0.3*					
<u>General depleting crops:</u>																									
Acreage allotment payments under the Agricultural Conservation Program <u>k/</u> ..	627.5						202.3	129.9	77.1	70.5	68.4	79.2													
<u>Grain:</u>																									
Commodity Credit Corporation: Storage facilities program <u>l/</u>	11.9													13.1	4.8	7.8*	0.7*	0.1	0.4	0.1	0.5	1.6	0.1*	0.2*	0.1
Agricultural Marketing Act Revolving Fund <u>b/</u>	70.5	62.5	8.0																						
Total, Grain	82.4	62.5	8.0											13.1	4.8	7.8*	0.7*	0.1	0.4	0.1	0.5	1.6	0.1*	0.2*	0.1
<u>Grain sorghums:</u>																									
CCC nonrecourse loan, purchase, and payment programs	84.8																								
Commodities sold for foreign currencies under Title I, P.L. 480 <u>g/</u>	1.9														0.1	0.5*			3.6	10.5	22.6		0.9*	7.3	42.1
Removal of surplus agricultural commodities	6.0																				6.0				1.9
Total, Grain sorghums	92.7														0.1	0.5*			3.6	10.5	28.6		0.9*	7.3	44.0
<u>Grapes:</u>																									
Removal of surplus agricultural commodities	0.5					0.1		0.3																	
<u>Grapefruit (fruit and juices):</u>																									
CCC nonrecourse loan, purchase, and payment programs	1.7																								
Removal of surplus agricultural commodities	27.2						3.4	1.2	5.1	0.6	5.7	4.2	0.6	0.6				3.5	0.2		0.4	0.3	0.3	0.5	0.6
Total, Grapefruit	28.9						3.4	1.2	5.1	0.6	5.7	4.2	0.6	0.6				5.2	0.2		0.4	0.3	0.3	0.5	0.6
<u>Hay:</u>																									
Commodity Credit Corporation: Drought emergency program <u>m/</u>	8.0																						8.0		
Transportation of emergency hay <u>n/</u>	8.5																							3.5	5.0
Total, Hay	16.5																							8.0	5.0
<u>Hemp and hemp fiber:</u>																									
CCC nonrecourse loan, purchase, and payment programs	21.5													0.3	11.4	8.4	1.3								
<u>Hides:</u>																									
Federal Surplus Commodities Corporation (Miscellaneous receipts)	13.0*						6.7*	6.0*							0.3*										
<u>Hominy grits:</u>																									
Removal of surplus agricultural commodities	3.5									1.6	0.4	1.4													
<u>Hops:</u>																									
CCC nonrecourse loan, purchase, and payment programs	1.0										0.2	0.8													
Removal of surplus agricultural commodities	0.7							0.6	0.1																
Total, Hops	1.7							0.6	0.1		0.2	0.8													
<u>Lard:</u>																									
Removal of surplus agricultural commodities	19.3									9.8	8.2	0.9	0.4												
<u>Lemons:</u>																									
Removal of surplus agricultural commodities	0.4																					0.3	0.1		
<u>Livestock:</u>																									
Agricultural Marketing Act Revolving Fund <u>b/</u>	0.1	0.1																							
<u>Meat, miscellaneous:</u>																									
Removal of surplus agricultural commodities	0.2											0.2													
<u>Multiple crops:</u>																									
Federal crop insurance <u>o/</u>	6.3																			0.1*	0.1*	1.2	4.0	0.4*	1.7
<u>Naval stores:</u>																									
CCC nonrecourse loan, purchase, and payment programs	1.3									1.1	3.3		0.4*	4.0*	1.1*	0.5*		0.1	0.4	0.4	2.0				0.1*
<u>Nuts:</u>																									
Agricultural Marketing Act Revolving Fund <u>b/</u>	0.3	0.3																							
<u>Oats:</u>																									
CCC nonrecourse loan, purchase, and payment programs	19.7																			0.4		0.7	0.2	4.2	14.1
CCC losses on emergency feed <u>b/</u>	3.9																							3.9	
Commodities sold for foreign currencies under Title I, P.L. 480 <u>g/</u>	5.0																								5.0
Transportation and handling of emergency feed <u>s/</u>	2.5																							2.5	
Total, Oats	31.1																			0.4		0.7	0.2	10.6	19.1



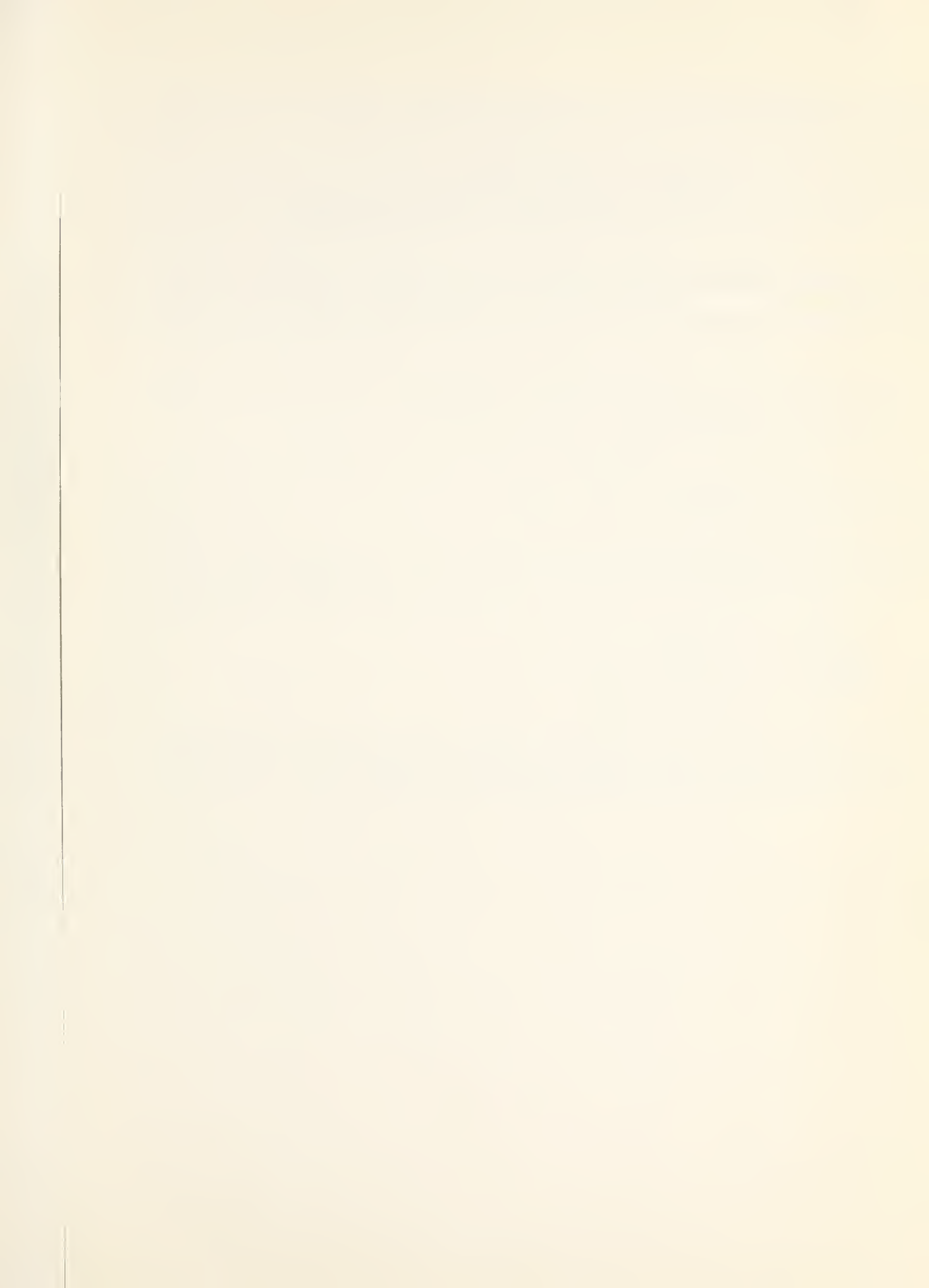
	Total	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955
Remaining Non-basic Commodities: (Continued)																									
Oats, rolled:																									
Removal of surplus agricultural commodities	3.4					0.1	0.3			1.3	1.3	0.4													
Olive oil:																									
CCC nonrecourse loan, purchase, and payment programs	0.5																								
Removal of surplus agricultural commodities	0.4																						0.1	0.4	
Total, Olive oil	0.9																					0.4	0.4		
Onions:																									
Removal of surplus agricultural commodities	2.9					0.5	0.3		0.2	0.5	0.2	0.3	0.1		0.5	0.1	0.3								
Oranges (fruit and juice):																									
Removal of surplus agricultural commodities	59.3					0.3		3.0	3.3	4.2	7.0	7.3	1.0					1.4	0.7	2.1	6.7	8.5	6.0	5.0	2.7
Peaches:																									
Removal of surplus agricultural commodities	10.0						0.3	0.2	0.8	1.4	2.6	1.9	0.7		0.1			2.0	0.1						
Peanut butter:																									
Removal of surplus agricultural commodities	1.7										0.2	0.5	1.0												
Pears:																									
Removal of surplus agricultural commodities	12.6						0.4	0.5	0.5	0.6	2.1	1.1	0.5					0.3	0.1	2.8	0.4	0.6	1.9	0.7	
Peas (canned, dried, and fresh):																									
CCC nonrecourse loan, purchase, and payment programs	0.9																								
Removal of surplus agricultural commodities	2.3					0.4	0.2	1.5				0.1								0.7	0.2				
Total, Peas	3.2					0.4	0.2	1.5				0.1								0.7	0.2				
Pecans:																									
Removal of surplus agricultural commodities	4.2						0.1	0.2	0.2	0.2	0.1	0.5										2.5		0.4	
Pineapples:																									
Removal of surplus agricultural commodities	0.1												0.1												
Plums:																									
Removal of surplus agricultural commodities	0.6									0.1		0.1						0.3							
Pork:																									
Removal of surplus agricultural commodities	66.0									16.0	22.5	13.1		0.4									13.9		
Pork and beans:																									
Removal of surplus agricultural commodities	2.1										2.0														
Potatoes, sweet:																									
CCC nonrecourse loan, purchase, and payment programs	0.1																	0.1							
Removal of surplus agricultural commodities	3.9							0.2	0.2	0.3		0.6	0.4		0.5										
Total, Potatoes, sweet	4.0							0.2	0.2	0.3		0.6	0.4		0.5			1.1	0.3	0.1	0.1				
Poultry:																									
Agricultural Marketing Act Revolving Fund h/	0.3	0.3																							
Prunes:																									
Removal of surplus agricultural commodities	36.6					0.9	2.0	4.5	0.3	4.1	3.5	2.5	0.3	0.6				3.3	4.1	5.7	1.8	3.0			
Raisins:																									
Removal of surplus agricultural commodities	35.9					0.1		1.4	0.9	5.3	1.0	0.8						1.8	4.4	7.3	1.4	4.1	4.6	2.0	0.8
Rye:																									
CCC nonrecourse loan, purchase, and payment programs	3.0												0.1	0.3*	0.1	0.1				0.2				0.1	2.7
Donations of commodities to other nations c/	0.1																								0.1
Agricultural Adjustment Act of 1933 and related Acts:																									
Program expenses	0.2						0.2																		
Processing taxes (net)	0.2*			0.1*	0.1*																				
Total	--			0.1*	0.1*		0.2																		
Total, Rye	3.1			0.1*	0.1*		0.2						0.1	0.3*	0.1	0.1				0.2				0.1	2.8
Seeds:																									
CCC nonrecourse loan, purchase, and payment programs	27.2															0.2			0.4	0.1	0.3*	0.5	4.1	18.0	4.3
Agricultural Adjustment Act of 1933 and related Acts:																									
Miscellaneous receipts	5.4*					5.4*																			
Agricultural Marketing Act Revolving Fund h/	0.7	0.6	0.1																						0.1
Transfer of hay and pasture seeds p/	0.1																								
Total, Seeds	22.6	0.6	0.1			5.4*										0.2			0.4	0.1	0.3*	0.5	4.1	18.0	4.4



	Total	1932	1933	1934	1935	1936	1937	1938	1939	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955
Remaining Non-basic Commodities: (Continued)																									
Shortening, vegetable:																									
Removal of surplus agricultural commodities	0.1										0.1														
Soup:																									
Removal of surplus agricultural commodities	0.9										0.6	0.2	0.2												
Soybeans:																									
CCC nonrecourse loan, purchase, and payment programs	3.7*																2.7*			1.8*	0.1			0.6	0.1
Spinach:																									
Removal of surplus agricultural commodities	0.3																0.2								
Squash:																									
Removal of surplus agricultural commodities	0.1									0.1															
Sugar:																									
CCC nonrecourse loan, purchase, and payment programs	16.5																	11.9	4.7						
Removal of surplus agricultural commodities:																									
Sugar beets	0.1					0.1																			
Sugar Act:																									
Sugar payments	953.1							5.9	61.0	47.3	48.6	38.4	55.0	50.2	42.7	53.3	55.2	60.0	55.7	59.2	67.3	58.9	61.2	65.1	68.1
Sugar taxes	1,298.9*							33.4*	68.9*	73.6*	70.7*	72.0*	56.9*	72.7*	76.6*	59.8*	63.9*	74.5*	80.3*	75.1*	83.7*	82.1*	83.0*	86.2*	82.5*
Total	345.8*							27.5*	7.9*	26.3*	31.1*	33.6*	1.9*	22.5*	33.9*	6.9*	8.7*	14.5*	24.6*	15.9*	16.4*	23.2*	21.8*	15.1*	14.4*
Acreage allotment payments under the Agricultural Conservation Program	3.6							3.6																	
Agricultural Adjustment Act of 1933 and related Acts:																									
Program expenses	91.0				60.3	25.4	5.3																		
Processing taxes (net)	76.2*			28.7*	41.4*	6.1*																			
Total	14.8			28.7*	18.9	19.3	5.3																		
Total, Sugar	310.8*			28.7*	18.9	19.4	5.3	23.9*	7.9*	26.3*	31.1*	33.6*	1.9*	22.5*	33.9*	6.9*	8.7*	2.6*	19.9*	15.9*	16.4*	23.2*	21.8*	15.1*	14.4*
Syrup:																									
Removal of surplus agricultural commodities	0.4						0.1	0.1	0.1																
Tangerines:																									
Removal of surplus agricultural commodities	1.1												1.1												
Tomatoes:																									
Removal of surplus agricultural commodities	3.8							0.5	0.2	0.4	2.7														
Turkeys:																									
Removal of surplus agricultural commodities	33.4																			3.6	2.5		27.2		
Vegetables:																									
Removal of surplus agricultural commodities:																									
Surplus removal operations	31.0									0.3	3.0	15.4	12.2												
Incentive payments	4.9												4.9												
Total	35.9									0.3	3.0	15.4	17.1												
Acreage allotment payments under the Agricultural Conservation Program	6.8									1.9	2.6	2.3													
Total, Vegetables	42.7									2.2	5.6	17.7	17.1												
Walnuts:																									
Removal of surplus agricultural commodities	13.9					1.2	1.4	1.4	1.1	1.2	0.6	1.3	0.7					0.9		2.9			1.0		0.1
Total, Remaining Non-basic Commodities	2,011.5	68.9	8.8	25.7*	85.3	22.7	218.6	127.6	87.1	122.1	140.9	148.4	45.5	4.5*	10.2*	16.1	12.6	81.1	12.9	89.2	185.7	75.5	44.8	239.7	216.6
TOTAL, ALL COMMODITIES	9,377.3	298.6	73.5	68.0*	221.7	451.8	387.0	238.1	546.9	758.1	736.8	612.1	490.6	368.1	8.2	28.0	168.2	175.8	288.5	411.1	563.5	270.4	247.4	872.8	1,228.2
Interest cost:																									
Interest payments	429.7			2.4	2.1	7.7	2.5	2.4	2.0	4.7	5.1	8.5	11.3	13.0	14.3	19.5	4.8	0.8	8.9	32.7	39.1	37.5	53.1	94.9	62.3
Imputed interest cost <i>g/</i>	61.2	7.3	5.9	0.1	0.1	2.6	2.6	2.6	2.7	2.8	2.9	2.8	2.7	2.7	2.7	3.4	4.0	4.4	2.6	0.7	1.0	1.1	1.1	0.4	2.0
Interest income	192.0*	9.1*	4.4*	3.2*	3.4*	0.8	1.7*	3.1*	9.7*	1.7*	7.0*	25.4*	8.1*	8.2*	2.9*	2.2	4.0*	8.1*	7.0*	7.5*	18.0*	17.5*	16.4*	16.5*	12.0*
Other costs not allocable to specific commodities <i>z/ g/</i>	145.9	1.5	0.5	22.2	39.0*	8.0	45.3	12.1*	47.5	17.5*	26.8	36.2	15.6	26.9	27.9	29.4*	221.6*	56.1*	35.5	49.8	38.8	14.6	44.1	10.9	69.6
Receipts not allocable by commodities	2.8*			2.0*	4.1*	0.8*	6.8										2.7*								
REALIZED COST	9,819.3	298.2	75.5	48.4*	177.4	470.1	442.4	228.0	589.4	746.5	764.5	634.2	512.0	402.3	50.1	23.7	51.2*	116.8	328.6	486.8	624.2	306.1	329.5	962.5	1,350.1

Notes - Details may not add to totals shown due to rounding. The individual years do not reflect program cost where it was less than \$50,000. In a few instances where an entire program did not amount to as much as \$50,000, it is not listed above.

* Represents income or minus expenditures.



- a/ The distribution of costs by commodities is necessarily estimated in most instances since accounting records generally are not maintained on the basis of individual commodities. In some instances it has been necessary to estimate the year-by-year distribution of the cumulative costs. The commodity distribution by fiscal years for the removal of surplus agricultural commodities is on an obligation basis; acreage allotment payments under the Agricultural Conservation Program, parity payments and the cost of the Agricultural Adjustment Act of 1933 and related Acts are distributed on the basis of available statistical data.
- b/ Represents losses incurred by the Commodity Credit Corporation on feed supplied from its stocks at reduced prices to farmers and stockmen in disaster areas pursuant to a directive of the President on November 16, 1953.
- c/ Represents emergency assistance furnished to friendly peoples under Title II, P.L. 480, 83rd Congress. In 1954, this type of assistance was furnished under P.L. 77, 83rd Cong. relating to Pakistan and under P.L. 216, 83rd Cong., in respect to other nations.
- d/ Acreage allotment and marketing quotas were carried on as a part of the Agricultural Conservation Programs in 1946 and prior years, and expenses for this work were not maintained separately. Accordingly, the amounts for these years are not available.
- e/ Represents transportation, handling and other expenses, exclusive of commodity costs, in connection with the Emergency Feed Program financed from the supplemental appropriation (provided by Public Law 175, 83rd Congress) to the Disaster Loan Revolving Fund.
- f/ Exclusive of export differential on cotton owned or pooled by CCC which is shown under price support programs above.
- g/ In consequence of commodities shipped to foreign countries under this program, foreign currencies having a U. S. dollar equivalent of \$57,321,312.54 had been collected and deposited to the credit of the United States as of June 30, 1955. The U. S. dollar equivalent is based on the rates of exchange set forth in the agreements negotiated with the respective countries. These foreign currencies may be used, upon approval of the Bureau of the Budget, only for the purposes authorized in Section 104 of the Agricultural Trade Development and Assistance Act (P.L. 480, 83rd Congress, as amended).
- h/ Represents principally losses incurred on loans made from the revolving fund by the Federal Farm Board to stabilize prices. Amounts shown for cotton and wheat include losses which resulted from donations authorized by Congress to the American Red Cross without reimbursement to the fund. In accordance with Congressional authorizations, the losses were written off in the years 1932, 1933, and 1934.
- i/ Program conducted under the Jones-Connally Act. The breakdown by specific commodities is not available.
- j/ The program did not amount to over \$50,000 in any one year. The largest year was 1953 in which the cost was \$44,611.
- k/ Breakdown by commodity is not available. In general, row crops were considered to be soil-depleting if grain or forage was removed from the land. In addition, small grain crops harvested for grain or hay fell into this category.
- l/ Represents cost of the storage facilities program which applies primarily to the cost of providing local and emergency storage for corn and wheat in the earlier years of the Corporation's programs.
- m/ Represents net loss on hay for feeding in Drought Emergency areas in 1953.
- n/ Represents advances to States from funds appropriated by Public Law 175, 83rd Congress, for part of the transportation cost of hay furnished to farmers and stockmen in disaster areas during 1954 and 1955.
- o/ This item applies to a type of insurance which covers several crops on the farm and on which indemnities are paid only for crop deficiencies based upon the total value of the insured crops.
- p/ Represents assets transferred to Federal land administering agencies from Commodity Credit Corporation stocks for use in seeding grazing lands administered by such agencies, as authorized by P.L. 524, 83rd Congress.
- q/ Interest on capital investment of the Government in corporations and revolving fund is computed each year on the basis of the average rate incurred by the Treasury on the public debt in that year.
- r/ Consists of administrative expenses and other general costs or income not distributable by specific commodities. No administrative or general costs are included for acreage allotment payments since the program was conducted as a part of the Agricultural Conservation Program and records of administrative and other non-payment costs were not maintained separately for acreage allotment payments as distinguished from payments for conservation practices.
- s/ Includes a net income for the Commodity Credit Corporation of \$138.7 million consisting of administrative and other general costs of \$216.3 million, charged-off accounts and notes receivable of \$2.9 million, and a net realized gain on the supply and foreign purchase programs as follows:

<u>Supply</u>	(Millions)	<u>Foreign Purchase</u>	(Millions)
Cotton and lintens	\$ 1.9*	Cotton	\$ 5.9*
Grains and seeds	75.7*	Fats and oils	38.9*
Oils (bulk)	0.9*	Foodstuffs	5.7*
Tobacco	4.8*	Other	0.2
General commodities purchase	188.4*	Total	50.3*
Processed and packaged commodities.	39.2*		
Sugar, Puerto Rican raw	0.1*		
Other	3.4		
Total	307.6*		

These programs were separate from the major activity of the Corporation and were undertaken as a means of supplying the requirements of Government agencies, foreign governments and relief and rehabilitation agencies, and to meet domestic requirements. The gain of \$188.4 million reflected under general commodities purchases resulted from the establishment of sales prices at a level which would prevent losses to the Corporation on the supplying of commodities and products thereof to meet the requirements of the U. S. Armed Services, Lend-Lease participants, foreign governments, relief agencies, etc., during World War II.

